

Table F-3
TSEP Applicants and the Amount of Dollars Recommended

Rank ¹	Applicant	Type of Project	Amount Requested	Proposed Grant Award ²	Cumulative Proposed Award
1	Philipsburg, Town of	Wastewater	750,000	750,000	750,000
2	Ravalli County	Bridge	137,193	137,193	887,193
3	Sweet Grass County	Bridge	93,360	93,360	980,553
4	Melstone, Town of	Water	625,000	625,000	1,605,553
5	Fergus County	Bridge	167,200	167,200	1,772,753
6	Rudyard County W&S District	Wastewater	319,000	319,000	2,091,753
7	Cascade, Town of	Water	625,000	625,000	2,716,753
7	Powell County	Bridge	304,248	304,248	3,021,001
9	Wolf Creek Co. W&S District	Wastewater	750,000	750,000	3,771,001
10	Judith Gap, Town of	Water-Wastewater	750,000	750,000	4,521,001
11	Gardiner Park Co. W&S District	Wastewater	358,000	358,000	4,879,001
12	Winifred, Town of	Wastewater	500,000	500,000	5,379,001
13	Beaverhead County	Bridge	290,668	290,668	5,669,669
14	Sweet Grass Community Co. W&S District	Water	625,000	625,000	6,294,669
15	Nashua, Town of	Water	421,300	421,300	6,715,969
16	Laurel, City of	Water	625,000	625,000	7,340,969
17	Homestead Acres W&S District	Water	573,325	573,325	7,914,294
18	Crow Tribe	Water-Wastewater	750,000	750,000	8,664,294
19	Carbon County	Bridge	492,915	492,915	9,157,209
19	Lewis and Clark County	Bridge	456,628	456,628	9,613,837
21	Madison County	Bridge	413,203	413,203	10,027,040
22	Cut Bank, City of	Water	500,000	500,000	10,527,040
23	Broadview, Town of	Water	500,000	500,000	11,027,040
23	St. Ignatius, Town of	Water	253,000	253,000	11,280,040
25	Jefferson County	Bridge	160,690	160,690	11,440,730
25	Stillwater County	Bridge	292,979	292,979	11,733,709
27	Wibaux, Town of	Wastewater	500,000	500,000	12,233,709
28	Granite County	Solid Waste	197,000	0	12,233,709
29	Missoula County (for Seeley Lake)	Wastewater	750,000	0	12,233,709
29	Seeley Lake Sewer District	Wastewater	750,000	0	12,233,709
31	Bigfork Co. W&S District	Wastewater	750,000	750,000	12,983,709
32	Choteau, City of	Wastewater	500,000	500,000	13,483,709
33	Valier, Town of	Water	625,000	625,000	14,108,709
34	Carter Choteau Co. W&S District	Water	750,000	750,000	14,858,709
35	Hardin, City of	Wastewater	500,000	500,000	15,358,709
36	Upper & Lower River Rd W&S District	Water-Wastewater	500,000	500,000	15,858,709
37	Gildford Co. W&S District	Wastewater	538,000	538,000	16,396,709
38	Big Sandy, Town of	Wastewater	500,000	500,000	16,896,709
38	Ronan, City of	Water	750,000	750,000	17,646,709

40	Dutton, Town of	Wastewater	500,000	500,000	18,146,709
41	Blaine County	Bridge	384,160	384,160	18,530,869
42	Loma County W&S District	Water	750,000	750,000	19,280,869
43	Harlowton, Town of	Water	500,000	500,000	19,780,869
44	Kevin, Town of	Water	500,000	500,000	20,280,869
45	Flathead County for Bigfork	Stormwater	625,000	625,000	20,905,869
46	Woods Bay Homesites W&S District	Wastewater	730,000	730,000	21,635,869
47	Shelby, City of	Wastewater	750,000	625,000	22,260,869
48	Whitefish, City of	Wastewater	500,000	500,000	22,760,869
49	Eureka, Town of	Water	625,000	625,000	23,385,869
49	Troy, City of	Water	750,000	715,000	24,100,869
51	Fallon Co. North Baker W&S District	Wastewater	500,000	120,000	24,220,869
52	Sheaver's Creek W&S District	Wastewater	600,000	600,000	24,820,869
53	Yellowstone County	Bridge	228,753	228,753	25,049,622
54	Gore Hill Co. Water District	Water	250,300	250,300	25,299,922
55	South Chester County Water District	Water	131,000	0	25,299,922
56	Livingston, City of	Solid Waste	500,000	500,000	25,799,922
57	Flathead Co. Water District #8 (Happy Valley)	Water	500,000	500,000	26,299,922
58	Bynum/Teton Co. W&S District	Water	567,000	567,000	26,866,922
59	Bozeman, City of	Wastewater	750,000	750,000	27,616,922
60	Fort Smith W&S District	Water	500,000	500,000	28,116,922
61	Jette Meadows W&S District	Water	750,000	750,000	28,866,922
62	Greater Woods Bay Sewer District	Wastewater	732,000	488,000	29,354,922
63	Em-Kayan Co. W&S District	Water	290,619	0	29,354,922
64	Stevensville, Town of	Water	750,000	0	29,354,922
65	Bridger Pines Co. W&S District	Wastewater	750,000	0	29,354,922
Total			33,757,541	29,354,922	29,354,922

¹ Some projects have the same rank number indicating they tied.

² The amount recommended if there are sufficient monies to fund the project. Under current law, it is projected that about \$16 million in net endowment interest will be available for TSEP grant awards for the 2011 biennium. Based on the net endowment interest projected to be available for TSEP grant awards for the 2011 biennium, 33 projects could be funded.

Additional TSEP Engineer

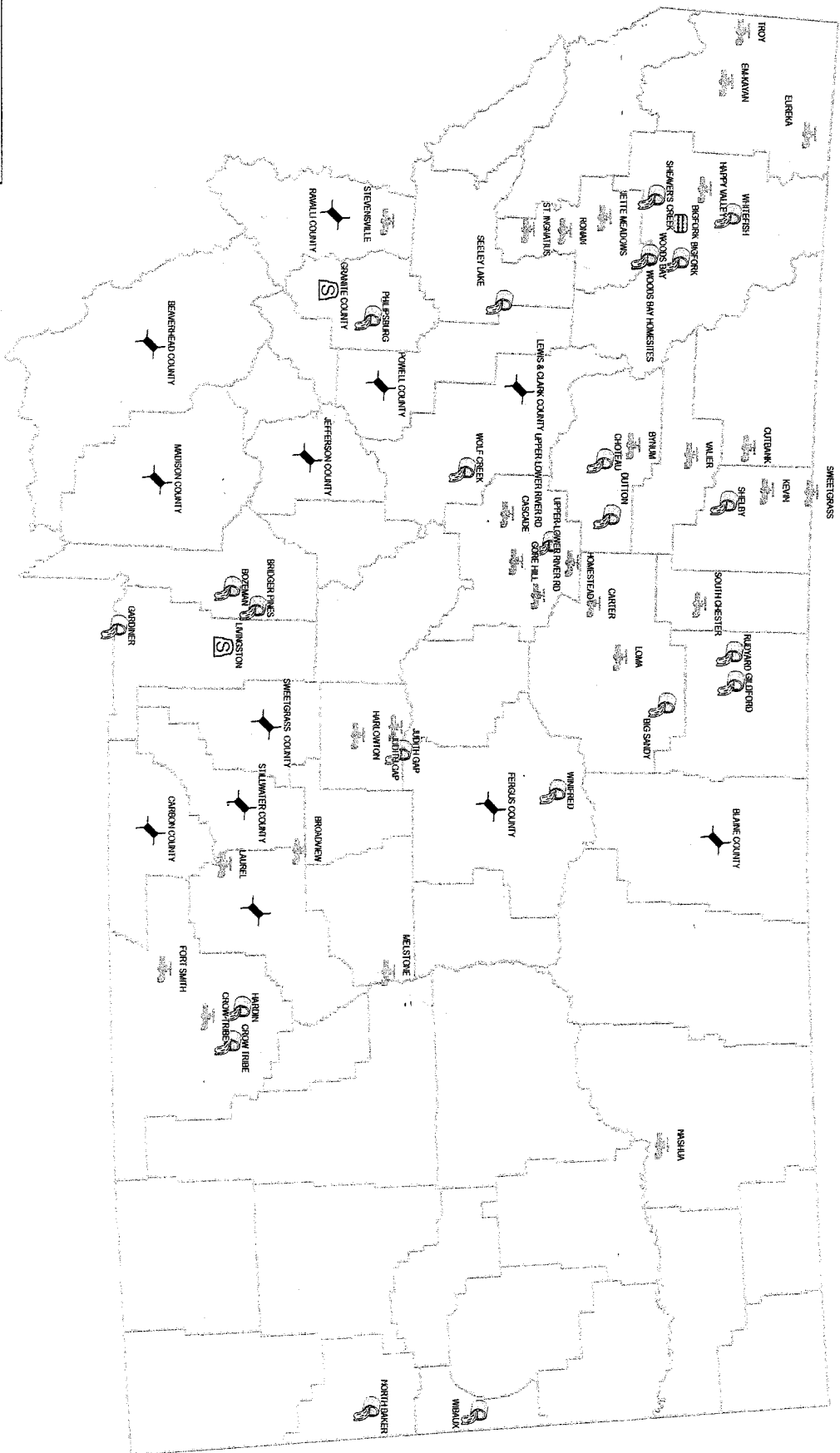
During the 2007 Legislature, Senator Jerry Black sponsored SJR 11, which called for an interim study of TSEP. One of the issues specifically highlighted by Senator Black in the committee hearings in the Senate and House, and on the Senate floor, was the apparent conflict of interest that existed by having the technical review and scoring of TSEP applications conducted by a panel of consulting engineers from firms, some of which also had funding applications in the TSEP competition.

Several senators expressed their concern about this arrangement during the SJR 11 hearing before the Senate Finance and Claims Committee after hearing public testimony criticizing the current review procedures. Senator Wanzenried told his fellow Committee members that he had requested a review of the TSEP application ranking procedures by the Legislative Auditor in 2002, in response to a citizen complaint about the apparent potential for conflict of interest involved in the technical ranking of TSEP applications. In a March 29, 2002 letter, Legislative Auditor Scott Seacat stated, "While the department has taken steps to address the issue of potential conflict of interest, the 'appearance' of conflict of interest still exists."

SJR 11 passed the Committee on a 17-0 vote and the Senate by a 46-3 vote. The House Appropriations Committee did not take action on SJR 11 before the session adjourned.

The Department believes that the best long-term solution to this problem is to have adequate in-house engineering staff to be able to conduct the technical review internally. The Department believes that adding an additional civil engineer to the TSEP staff would allow both TSEP and the federally-funded Community Development Block Grant Program (CDBG) to provide adequate technical review of public facility applications without the use of outside consulting engineers. To address the concerns regarding the appearance of a conflict of interest that was raised during the Legislature, the Office of Budget and Program Planning approved a modified FTE at the request of the Department at the beginning of August, 2007. The additional engineer was hired in February, 2008, and the two TSEP engineers conducted the technical review of the TSEP and CDBG applications in 2008 internally.

During the 2007 biennium, the Department spent approximately \$184,000 to review the 57 TSEP and CDBG applications in 2006 and three CDBG applications in 2005. The cost to have the 65 TSEP applications in 2008 reviewed by consultants would have been an even higher amount. The cost to retain a second engineer appears to be about the same amount or may even cost less than hiring consultants that perform a narrower scope of work for a shorter duration of time. So instead of requesting monies to procure consulting engineers to review the TSEP and CDBG applications, TSEP is requesting that a comparable amount be budgeted in order to make this second engineer a permanent position. As an additional benefit, the Department will be able to continue to utilize the services of the second engineer throughout the biennium on a variety of technical issues, including review of bid specifications and change orders. With two engineers, TSEP will also be more available to provide technical advice to potential applicants for TSEP or CDBG funding, including a more thorough review of draft preliminary engineering studies.



Proposed Projects

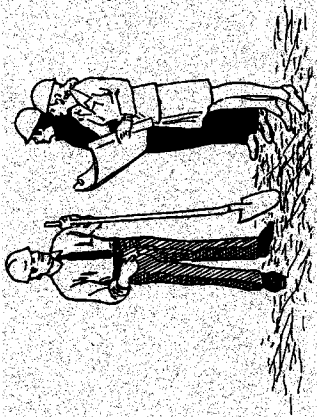
- Bridge
- Solid Waste
- Stormwater
- Wastewater

Treasure State Endowment Program

Projects Submitted for 2011 Bicentennial



Map created by the
Community Technical Assistance Program
Montana Department of Commerce
201 South Park Ave



FURTHER INFORMATION

The Department of Commerce encourages local officials, staff and engineers to consider whether TSEP grants could help finance a local infrastructure project. Prospective applicants should contact TSEP staff as far as possible to discuss the application requirements and the likelihood of the proposed project being funded.

For more information regarding this program contact:

Montana Department of Commerce
Treasure State Endowment Program
301 S Park Ave
PO Box 200523
Helena, MT 59620-0523
(406) 841-2770
FAX (406) 841-2771

E-Mail: jedgcomb@mt.gov

website:

http://comdev.mt.gov/CDD_TSEP.asp

Individuals, who need aids or services for effective communications or other disability-related accommodations in the programs and services offered, are invited to make needs and preferences known. Upon request, this publication will be made available in an alternative accessible format.

A Growing Resource For Montana's Communities

The Montana Treasure State Endowment Program

Helping Local Governments
To Affordably Finance
Water, Waste Water,
Solid Waste, and Bridge
Projects

Montana
Department of Commerce

May 2008

PURPOSE

Are your city's water lines leaking? Have you reached the capacity of your town's wastewater treatment plant? Do you have a bridge that has deteriorated to the point that it may have to be closed? These issues, along with other infrastructure problems, are a dilemma for local governments trying to maintain their community's vital infrastructure.

The Treasure State Endowment Program (TSEP) is a State-funded grant program that was created to assist local governments with the construction or repair of its infrastructure.

The Montana Department of Commerce's (MDOC) research findings, along with comments from local government officials and citizens, indicate that the principal reason why so many local public facilities are deficient is that most options for correcting deficiencies are simply not considered affordable by local residents. The TSEP program has been designed to help address that "affordability" problem.

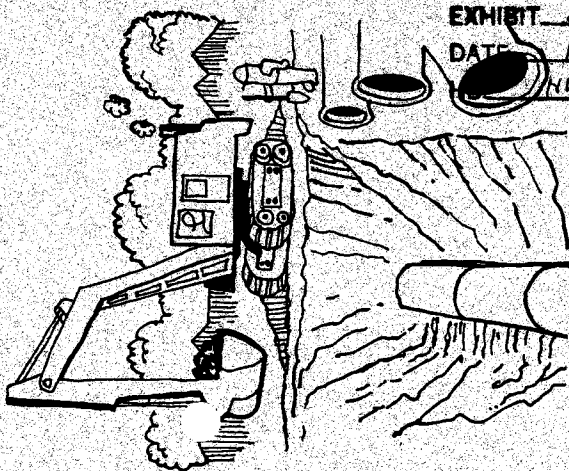
TSEP grants are intended to assist local governments with financing infrastructure projects in order to help keep the cost of the projects at an affordable level.

AMOUNT OF TSEP FUNDING AVAILABLE

Since the program was created in 1992, approximately 250 construction projects have been awarded TSEP grants, totaling over \$105 million.

ELIGIBLE APPLICANTS

Incorporated cities and towns, counties, consolidated governments, tribal governments, and county or multicounty water, sewer, or solid waste districts may apply for TSEP assistance.



EXHIBIT

DATE

1/22/09
4152

ELIGIBLE PROJECTS

Eligible types of projects include the construction or repair of local government drinking water systems, wastewater treatment, sanitary sewer or storm sewer systems, solid waste disposal or separation systems (including site acquisition, preparation, or site monitoring), and bridges.

TYPES OF GRANTS

TSEP provides the following types of grants: preliminary engineering grants, emergency grants, and construction grants.

Preliminary Engineering Grants – TSEP is currently out of PER funds. \$600,000 will be requested from the 2009 Legislature for matching grants for preliminary engineering work. Up to \$15,000 is provided for the preparation of plans, studies, analyses, or research needed to produce a preliminary engineering report. A dollar-for-dollar match is required to receive a grant. Applications will be accepted starting March 31, 2009. With the exception of a few situations, complete applications are processed in the order they are received. These non-competitive grants will be awarded after the funds have been approved by the 2009 Legislature and the Governor.

Emergency Grants – \$100,000 was appropriated by the 2007 Legislature for emergency grants. These grants can only be awarded in order to remedy conditions that if allowed to continue until legislative approval could be obtained would endanger the public health or safety and expose the applicant to substantial financial risk. MDOC may not award an emergency grant if it determines that through the implementation of reasonable management practices, the applicant can forestall the risks to health or safety until legislative approval can be obtained. A community must demonstrate that it has exhausted all other means of funding the emergency project. Because of the limited amount of funds available, MD will generally not award more than \$30,000 for any one emergency project.

Construction Grants – Since 1993, TSEP has been providing matching grants to help finance construction projects. The TSEP grants are used in combination with other grant and loan funding sources to make projects more affordable.

Applicants can request up to \$750,000, but the maximum amount allowed will depend on the financial need of the applicant. A dollar-for-dollar match is required for construction grants, but in cases of extreme financial hardship, where the public's health and safety are seriously affected, a hardship grant (up to 75 percent of the eligible project expenses) may be recommended. Matching funds can be public or private funds (cash, loans, and even other grants).

Eligible types of match for construction grants include: funds expended for engineering studies, reports and plans, or other reasonable expenses expended for the preparation of the application, directly related to the proposed project during the period 24 months prior to the TSEP application deadline. Eligible match also includes funds expended after the TSEP application deadline for project management, final engineering design, and other reasonable expenses necessary to prepare the project as proposed in the TSEP application for the construction phase.

Eligible match can also include the value of land or materials provided by the applicant, if properly appraised within a two-year period preceding the application deadline. It can also include the value of labor performed by the applicant's employees on the proposed project. Employees must be paid at his or her standard hourly rate of pay and the time worked must be adequately documented. Finally, match can also include the value of machinery used in the process of constructing the project that is owned (or leased) and operated by the applicant. The

value of the use of the machinery will be determined using the Federal Emergency Management Agency (FEMA) equipment rate schedules.

CONSTRUCTION GRANT APPLICATION REVIEW AND RANKING PROCESS

MDOC evaluates and ranks TSEP applications to assist construction projects, based on seven statutory priorities:

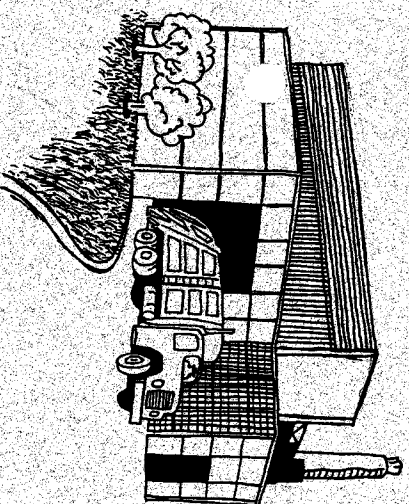
1. Urgent and serious health and safety problems and meeting health and safety standards,
2. Financial need,
3. Technical design,
4. Planning and management of public facilities and attempting to resolve infrastructure problems with local resources,
5. Obtains funds from other sources,
6. Job opportunities, business expansion, and tax base, and
7. Project is a high local priority and has strong community support.

The Department submits its funding recommendations to the Governor and the Legislature. The Legislature makes the final decisions on funding construction projects.

The policy established by MDOC and affirmed by the Governor and the Legislature since TSEP began, is that grant funds should only be awarded to applicants that are proposing to help finance the project at a reasonable level. As a result, grants will not be recommended unless, as a result of the project, user rates will be at or above applicant's target rate. The target rate is unique to every community and is based on the community's median household income.

APPLICATION GUIDELINES & WORKSHOPS

The guidelines for applying for a construction related grant in TSEP's next funding competition in 2010 will be available in the fall of 2009. Workshops focusing on engineering requirements will be held in the fall of 2009, and workshops focusing on how to apply to the various funding programs will be held early in 2010.



APPLICATION DEADLINE

The deadline for submitting an application for a construction related grant in TSEP's next funding competition is May 7, 2010.

In order to assist prospective TSEP applicants, MDOC recommends that local governments contact MDOC as early as possible prior to submitting applications. TSEP staff can then assist prospective applicants in analyzing the financial issues of the proposed project, in addition to, determining how well they are likely to score on the other ranking criteria.

Montana

Lincoln

Troy Silver Mine

Montanpre Mine

Rock Creek Mine

Montana Resources Mine

Glacier

Liberty

Toole

Pondera

Teton

Flathead

Lake

Sanders

Mineral

Missoula

Powell

Lewis & Clark

Cascade

Judith Basin

Chouteau

Hill

Blaine

Phillips

Valley

Daniels

Sheridan

Roosevelt

Richland

McConne

Dawson

Prairie

Wibaux

Fallon

Custer

Powder River

Carter

Garfield

Rosebud

Treasure

Musselshell

Golden Valley

Yellowstone

Big Horn

Stillwater Mine

Carbon

Sweet Grass

Wheatland

Meagher

Broadwater

Gallatin

Stillwater Mine East-Boulder

Park

Madison

Beaverhead

Silver Bow

Golden Sunlight Mine

Jefferson

Montana Tunnels Mine

Deer Lodge

Ravalli

Granite

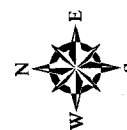
Montana Resources Mine




Stillwater Mine

Nye

Created by:

A vertical scale bar labeled "Miles" with markings at 50, 25, 0, 50, and 100. The bar is divided into segments by horizontal lines.



-  Active Mine Without Impact Plan
 Active Mine With Impact Plan
 Mine in Permitting Process

Montana Department of Commerce

Hard Rock-Mining Impact Board

HISTORICAL ANALYSIS OF METAL MINES LICENSE TAX (MMLT) FUNDS TO COUNTIES

	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	Totals	FY 2010 Budget	FY 2011 Budget
MBARS Budgeted	\$ -	\$ -	\$ 16,916	\$ 16,916	\$ 100,000	\$ 100,000	\$ 468,861	\$ 468,861	\$ 1,171,554	\$ 340,595	\$ 340,595
SABHRS FYE Budgeted	\$ -	\$ 19,000	\$ 39,416	\$ 148,175	\$ 169,000	\$ 269,190	\$ 468,861	\$ 468,861	\$ 1,582,503		
MBARS/ SABHRS FYE Variance	\$ -	\$ (19,000)	\$ (22,500)	\$ (131,259)	\$ (69,000)	\$ (169,190)	\$ -	\$ -	\$ (410,949)		
SABHRS FYE Disbursement	\$ -	\$ 18,247	\$ 39,356	\$ 148,171	\$ 168,861	\$ 269,189	\$ 340,595	\$ 402,995	\$ 1,387,415		
SABHRS Budgeted/ Disbursed Variance	\$ -	\$ 753	\$ 60	\$ 4	\$ 139	\$ 1	\$ 128,266	\$ 65,866	\$ 195,088		

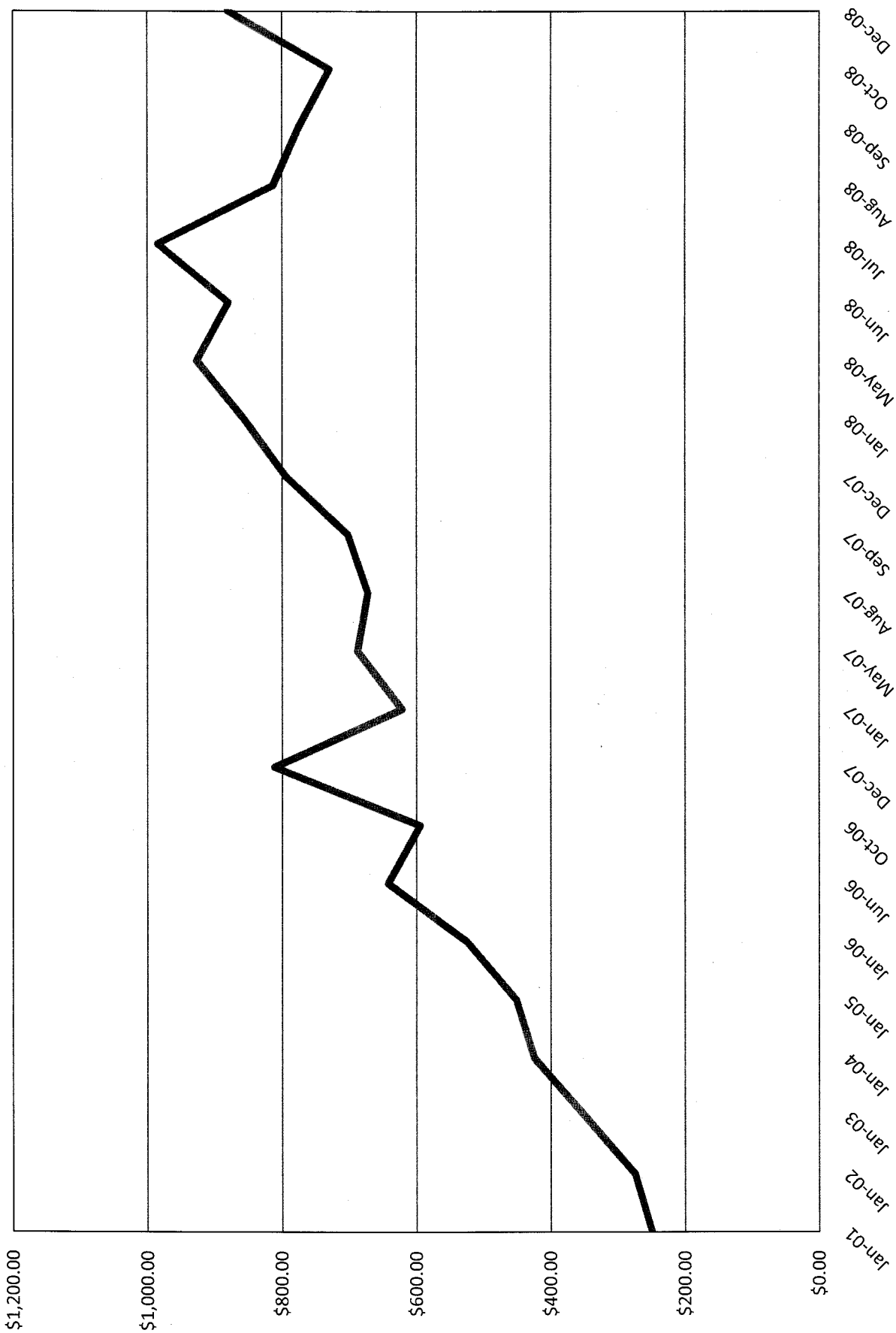
The Budget Authority for FY 2009 was \$468,861

The Metal Mines Tax Revenue for the 1st Quarter of the Fiscal Year 2009 was \$214,633.08.

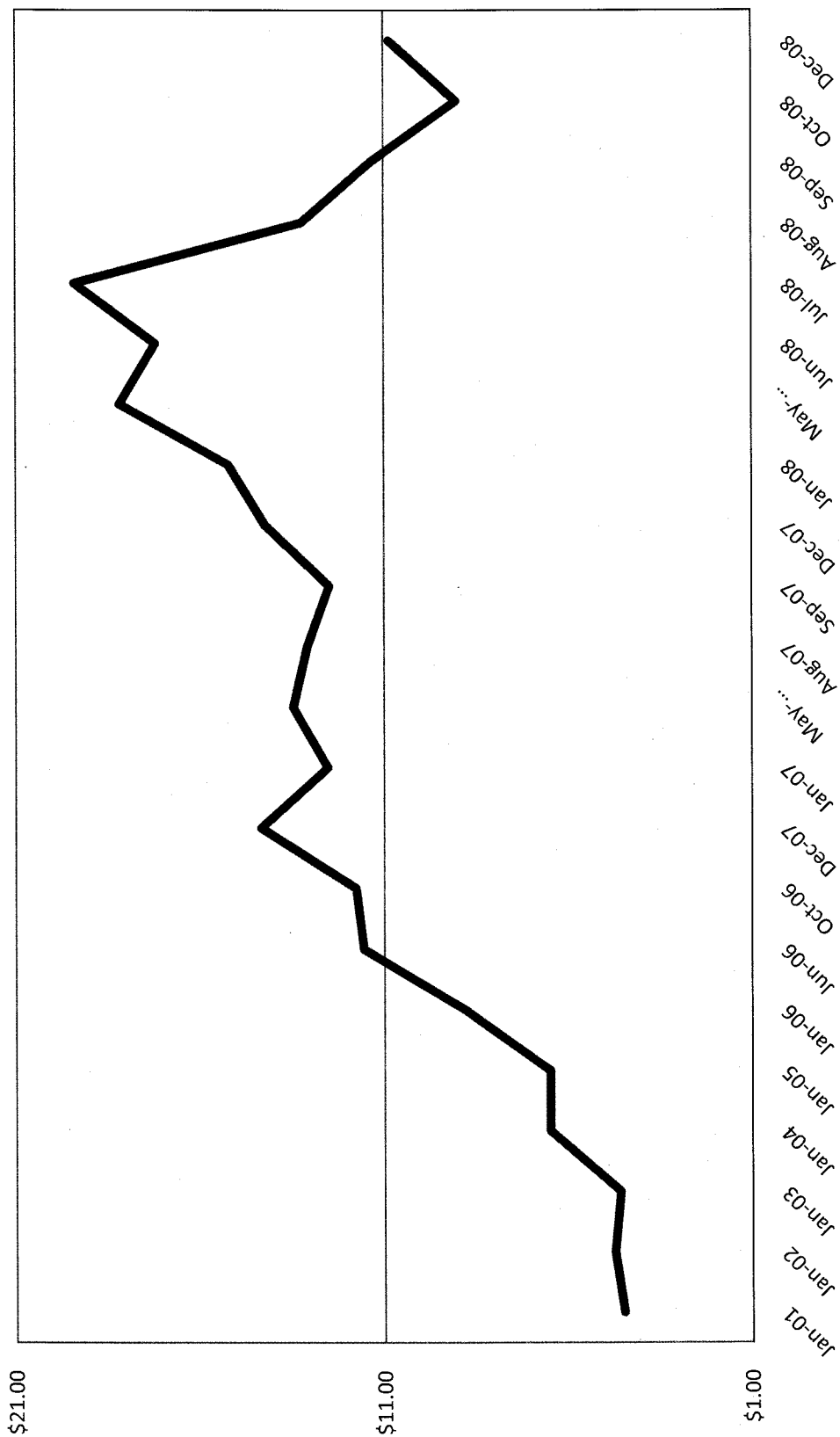
If the Revenue (metal prices determine the revenue) had continued at the 1st Quarter level the Budget Authority for FY 2009 would have been short by \$212,048.

As of January 1, 2009 MMLT revenues were approximately \$200,000.

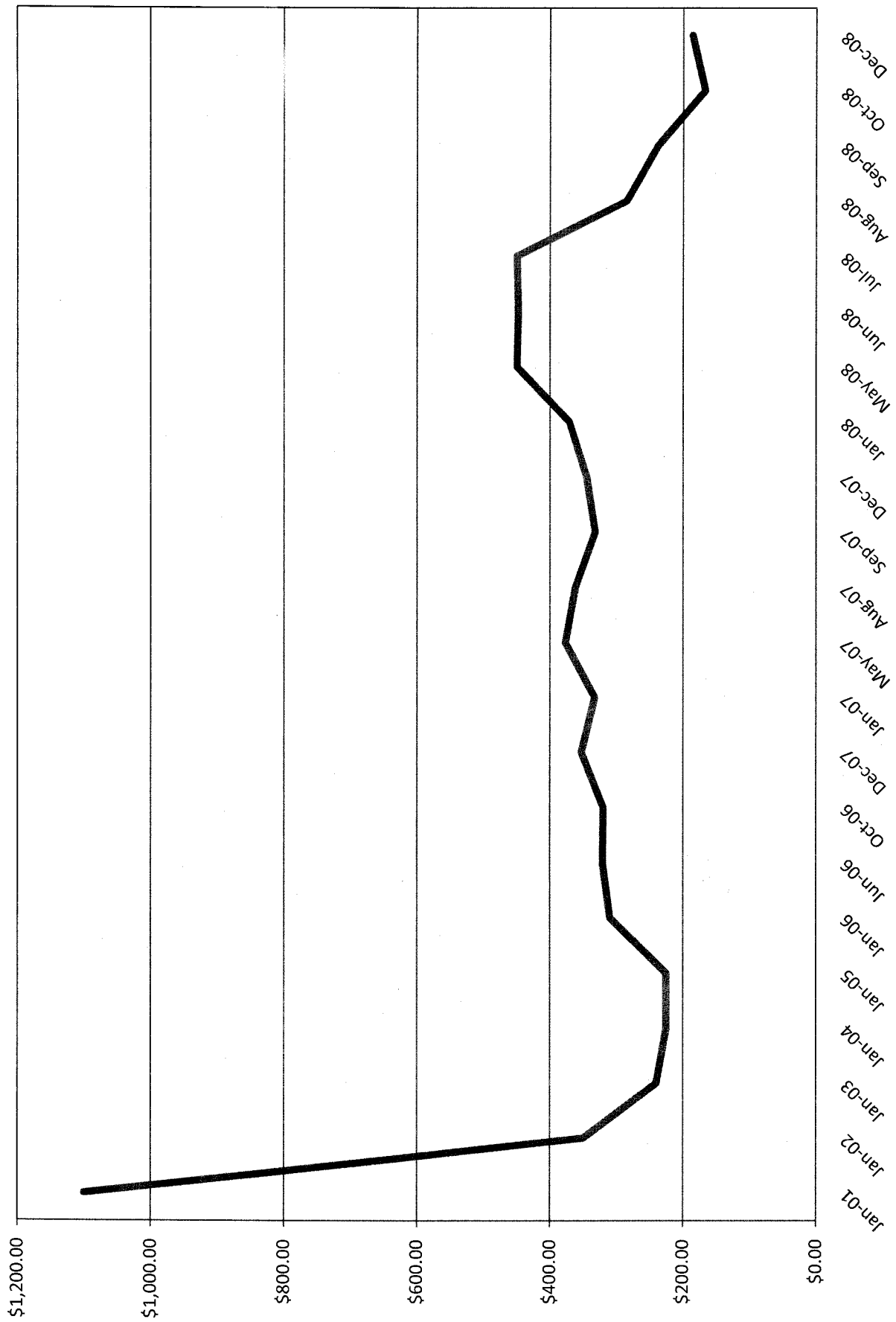
Gold price per ounce



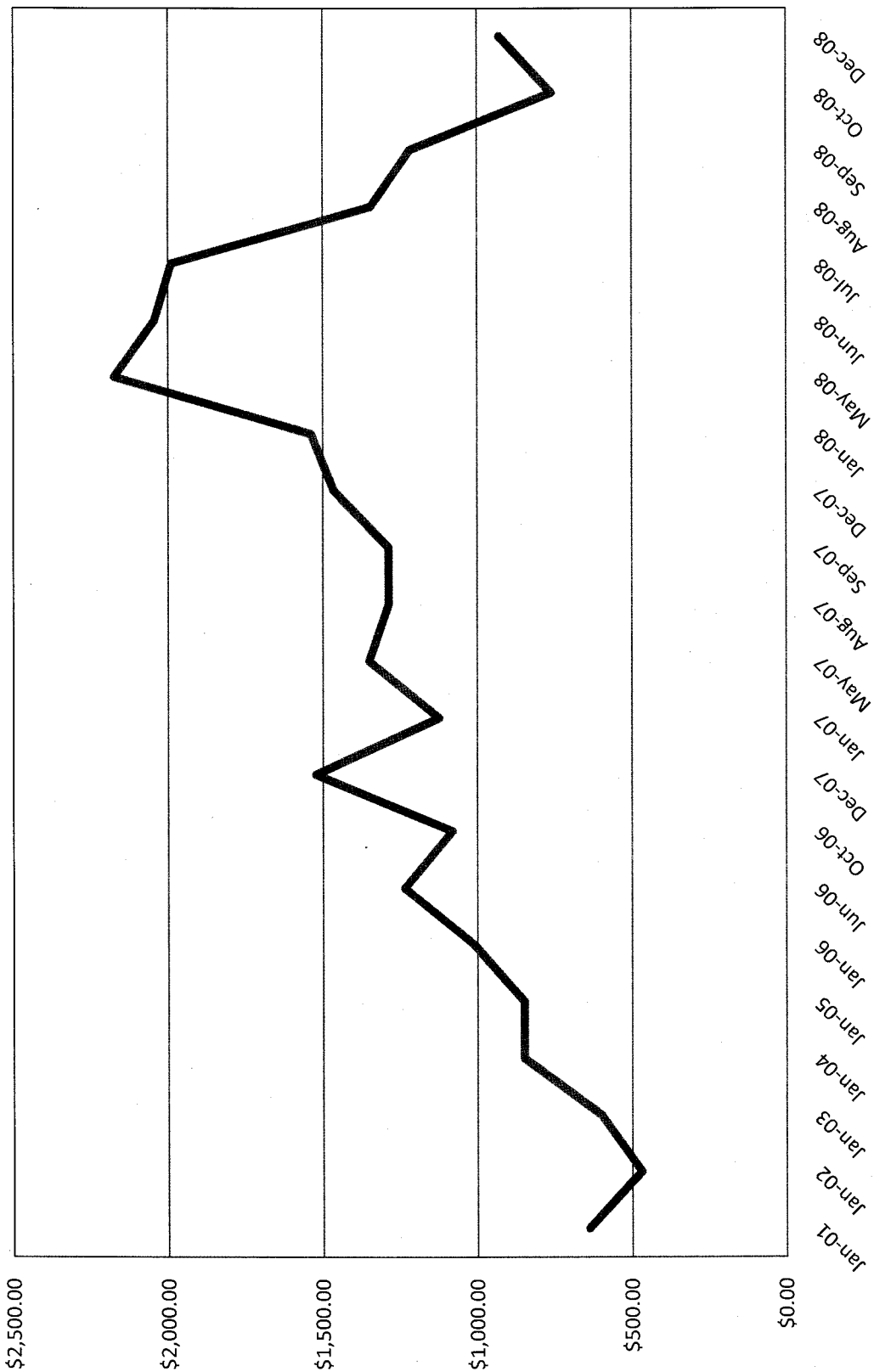
Silver per ounce



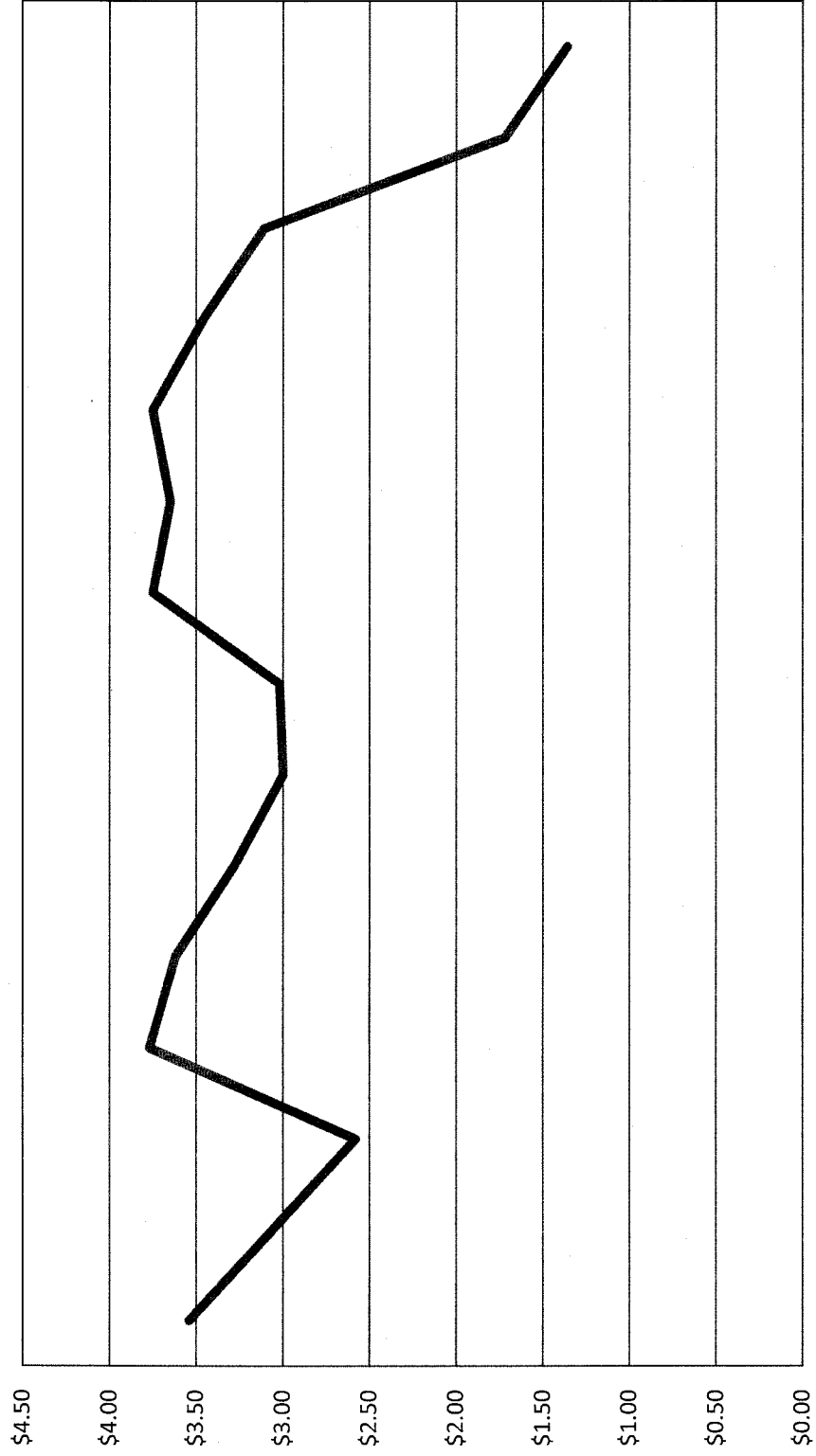
Palladium per ounce



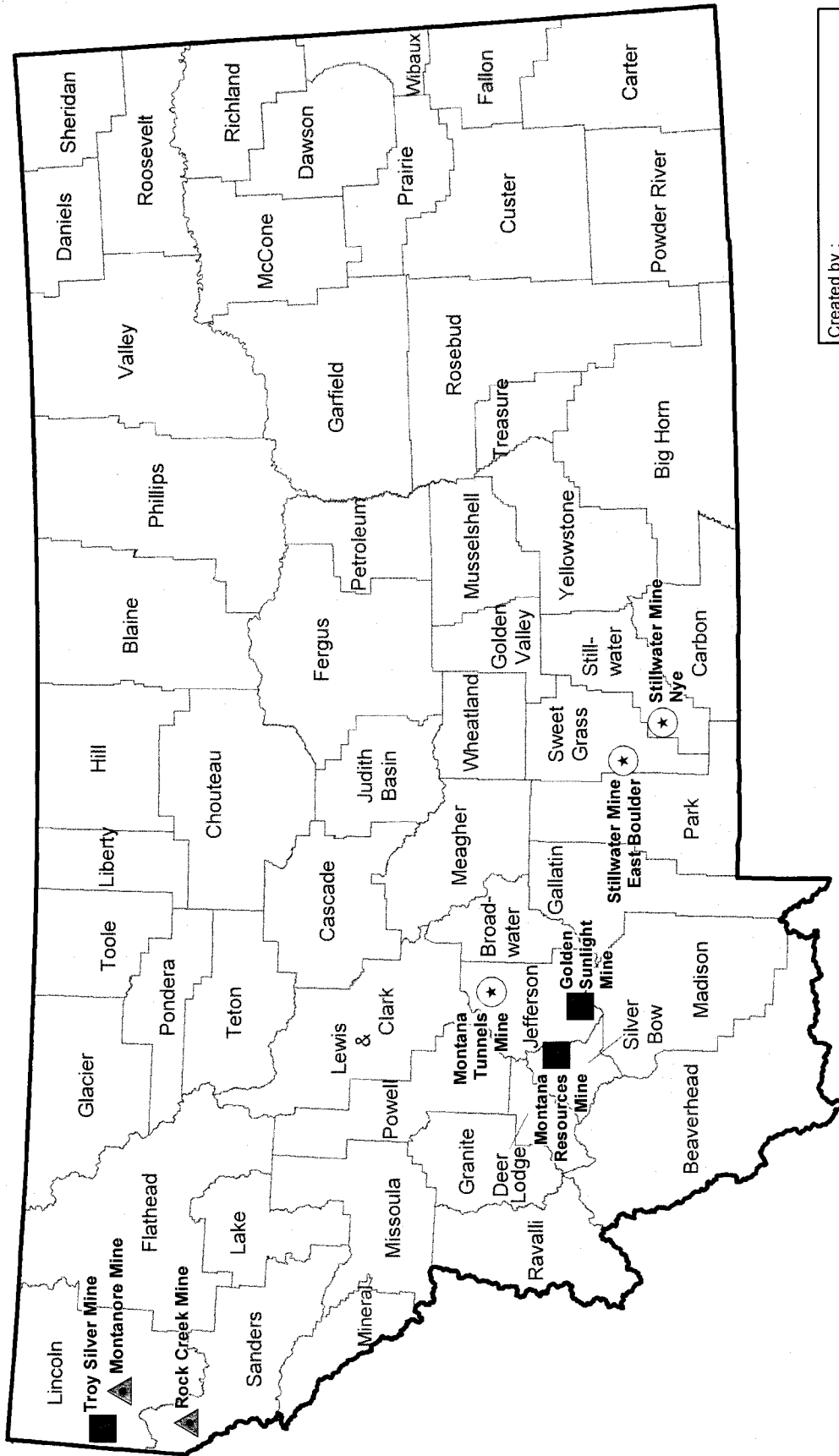
Platinum per ounce



Copper per pound



Active Mines With Impact Plans, Active Mines Without Impact Plans, And Proposed Mines



- Active Mine Without Impact Plan
- ★ Active Mine With Impact Plan
- ▲ Mine in Permitting Process

Created by :
 Census and Economic Information Center
 Montana Department of Commerce
 301 S. Park Ave, Helena, MT 59620-0505
 406.841.2740 Email:ceic@mt.gov
<http://ceic.mt.gov>

EXHIBIT 2
DATE 1/22/09
HB 2

Materials useful to potential CDBG applicants are available on the Montana CDBG website,

http://comdev.mt.gov/CDD_cdbg.asp

This includes individual *CDBG Application Guidelines* for *Housing and Neighborhood Renewal* projects and for *Public Facilities* projects, and CDBG publications such as *Documenting Benefit to Low and Moderate Income Persons* and *The Community Needs Assessment Process*, and *Montana's Growth Policy Resource Book*.

For more information about the program or for copies of program guidelines and application materials for the 2009 CDBG program, you can also contact us by phone or E-mail:

Gus Byrom, CDBG Program Manager for
Housing & Public Facilities
(406) 841-2777
gbyrom@mt.gov

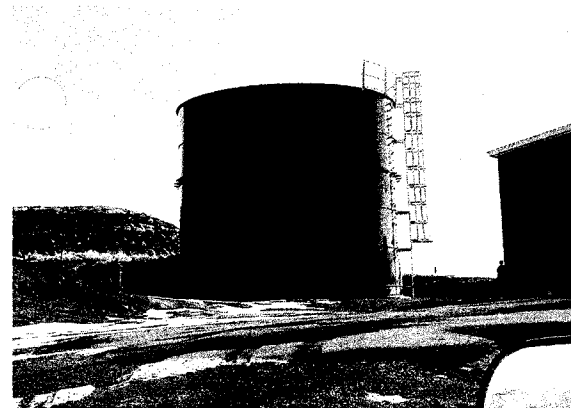
Joanne Gilbert, CDBG Program Assistant
(406) 841-2791
jgilbert@mt.gov

Or, you may contact us at the following address and phone number:

Community Development Block Grant (CDBG)
Community Development Division
Montana Department of Commerce
P. O. Box 200523
301 S. Park Avenue
Helena, MT 59620-0523
(406) 841-2791



The Montana Community Development Block Grant Program (CDBG)



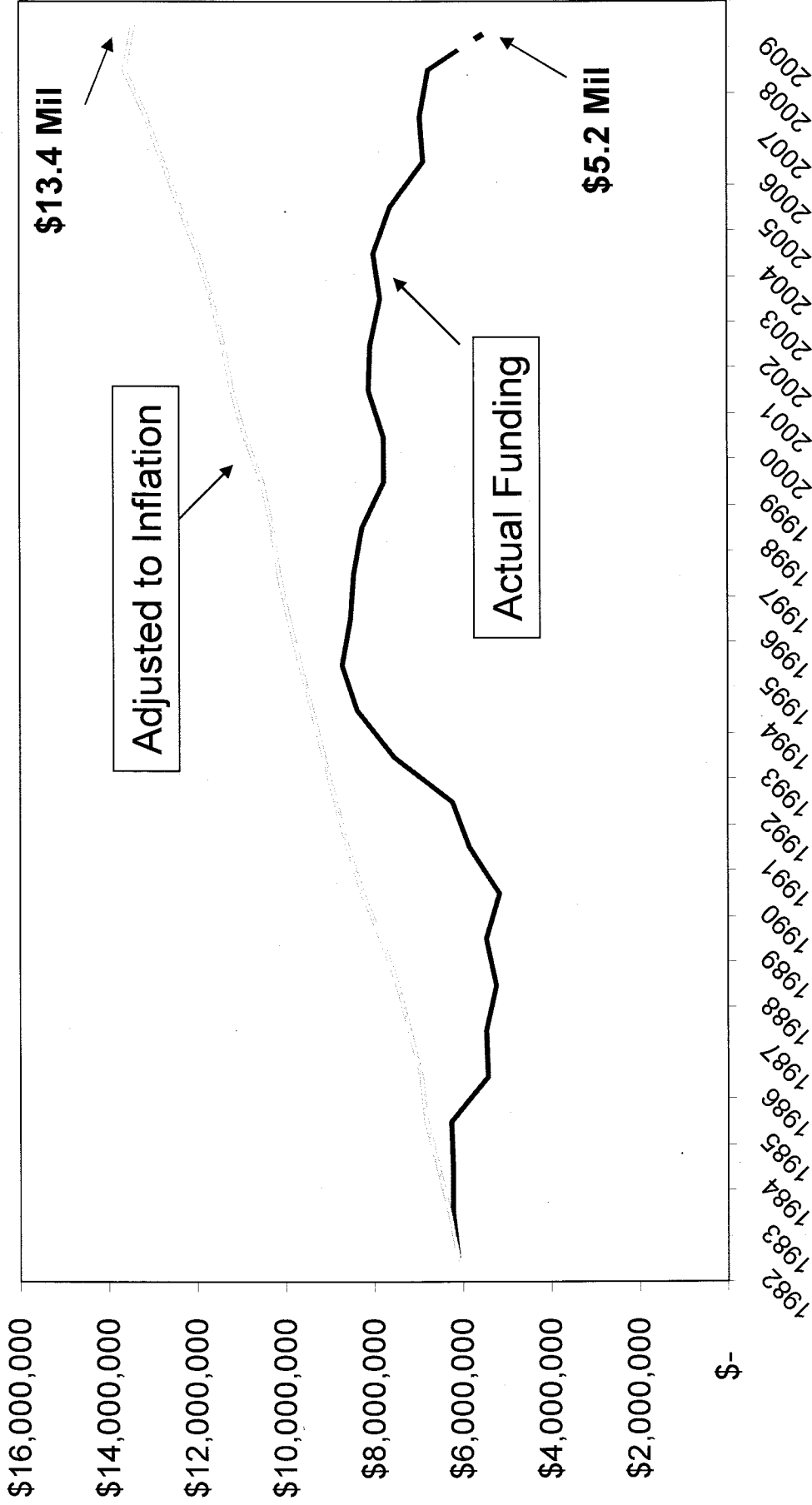
**Town of Richey
Water and Wastewater Treatment
Projects**

**CDBG:
Providing Financial
Assistance to
Local Governments for
Public Facilities, Housing,
and Economic
Development
Projects**

**Montana
Department of Commerce
January 2009**

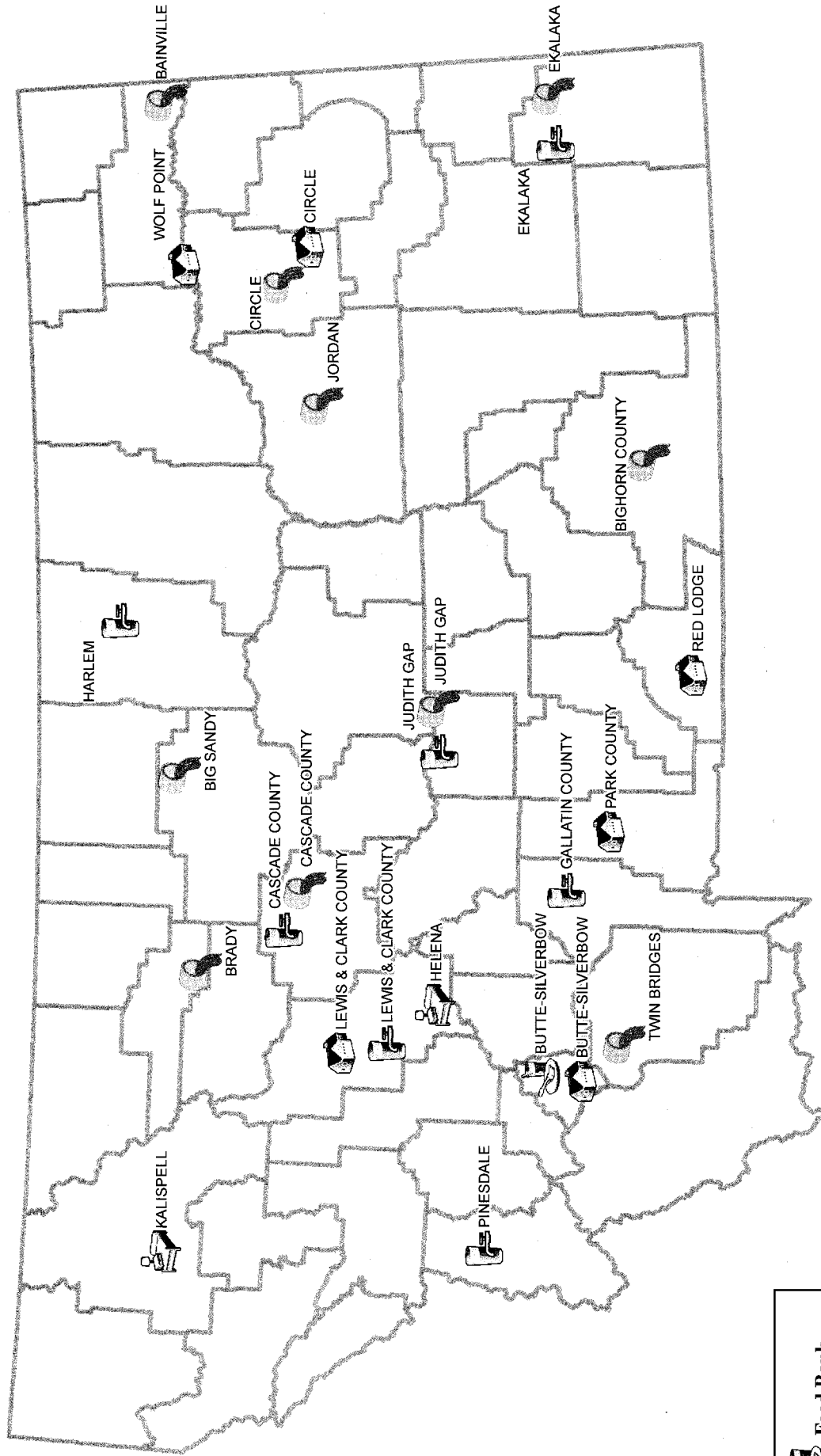
EXHIBIT 2
DATE 1/22/09
HB 2

MONTANA CDBG FUNDING COMPARED TO INFLATION-ADJUSTED FUNDING

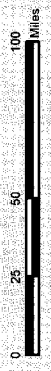


NOTE: Inflation measured by Consumer Price Index, All Urban Consumers, www.bls.gov

The \$5.2 million figure reflects the allocation Montana would receive if President Bush's proposed 23% cut for FFY 2009 was adopted by Congress.



- Food Bank
- Drinking Water
- Housing
- Wastewater
- Youth Shelter



Community Development Block Grant Program

Funded Housing & Public Facilities Projects for FY 2007-2008

Map created by the:
Community Technical Assistance Program
Montana Department of Commerce
301 South Park Ave
Helena, MT 59620
406-411-2598

366 CDBG Projects Funded \$132,212,908 for Montana Municipalities and Counties Housing and Public Facilities (1982 - 2008)

<i>Housing Categories:</i>		# of HSG Projects	<i>Public Facilities Categories:</i>	# of PF Projects
Housing Rehabilitation & Demolition		85	Wastewater/Sewer System Improvements	99
First-Time Homebuyer Program		6	Water System Improvements	104
Homeless Shelter		1	Senior Citizen/Family Support/Work Centers	13
Emergency & Transitional Housing		4	Homeless Shelters/Youth Homes	5
Acquisition and Reconfiguration of a Mobile Home Park		1	Hospitals/Nursing Homes/Medical Centers	8
Infrastructure Improvements for Affordable Housing Units		2	Solid Waste	4
New Construction of Rental Housing		9	Head Start Facilities	6
Senior Housing		11	Psychiatric Center, Food Bank, Fire Station	5
			Streets	1
			Flood/ Bridges/Disaster Recovery	2
Total # of Housing Projects:		119	Total # of Public Facilities Projects:	247
Total Amount Funded:		\$47,677,889	Total Amount Funded: \$84,535,019	

**CDBG Funded 229 Planning Grants
(1996-2008): \$2,593,405**

**FFY 2007 - 2008 Public Facilities and Housing Projects Awarded
Community Development Block Grant (CDBG) Program
Montana Department of Commerce**

FFY 2007 CDBG Public Facilities Projects			
Local Government	Type of Project	Amount Awarded	Total Project Cost
Bainville	wastewater system improvements	\$ 450,000	\$ 1,468,608
Cascade County (Upper/Lower River Rd)	water distribution/wastewater collection	\$ 450,000	\$ 2,001,400
Ekalaka	water/wastewater improvements	\$ 450,000	\$ 1,412,738
Gallatin County	water system improvements	\$ 121,320	\$ 1,608,051
Harlem	water system improvements	\$ 450,000	\$ 2,230,000
Jordan	wastewater project	\$ 121,320	\$ 1,422,953
Lewis & Clark County (Dunbar area)	water system improvements	\$ 254,097	\$ 1,449,637
Pinesdale	water system improvements	\$ 450,000	\$ 2,930,000
Total:		\$ 2,746,737	\$ 14,523,387

FFY 2007 CDBG Housing Projects			
Local Government	Type of Project	Amount Awarded	Total Project Cost
Butte-Silver Bow	construction of the Glider House Crisis Facility	\$ 450,000	\$ 870,000
Circle	housing rehabilitation and demolition	\$ 450,000	\$ 564,012
Lewis & Clark County	rehabilitation of Eagles Manor II	\$ 450,000	\$ 6,369,640
Total:		\$ 1,350,000	\$ 7,803,652
Total Amount Awarded and Total Project Costs - 2007 Public Facilities & Housing Projects:		\$ 4,096,737	\$ 22,327,039

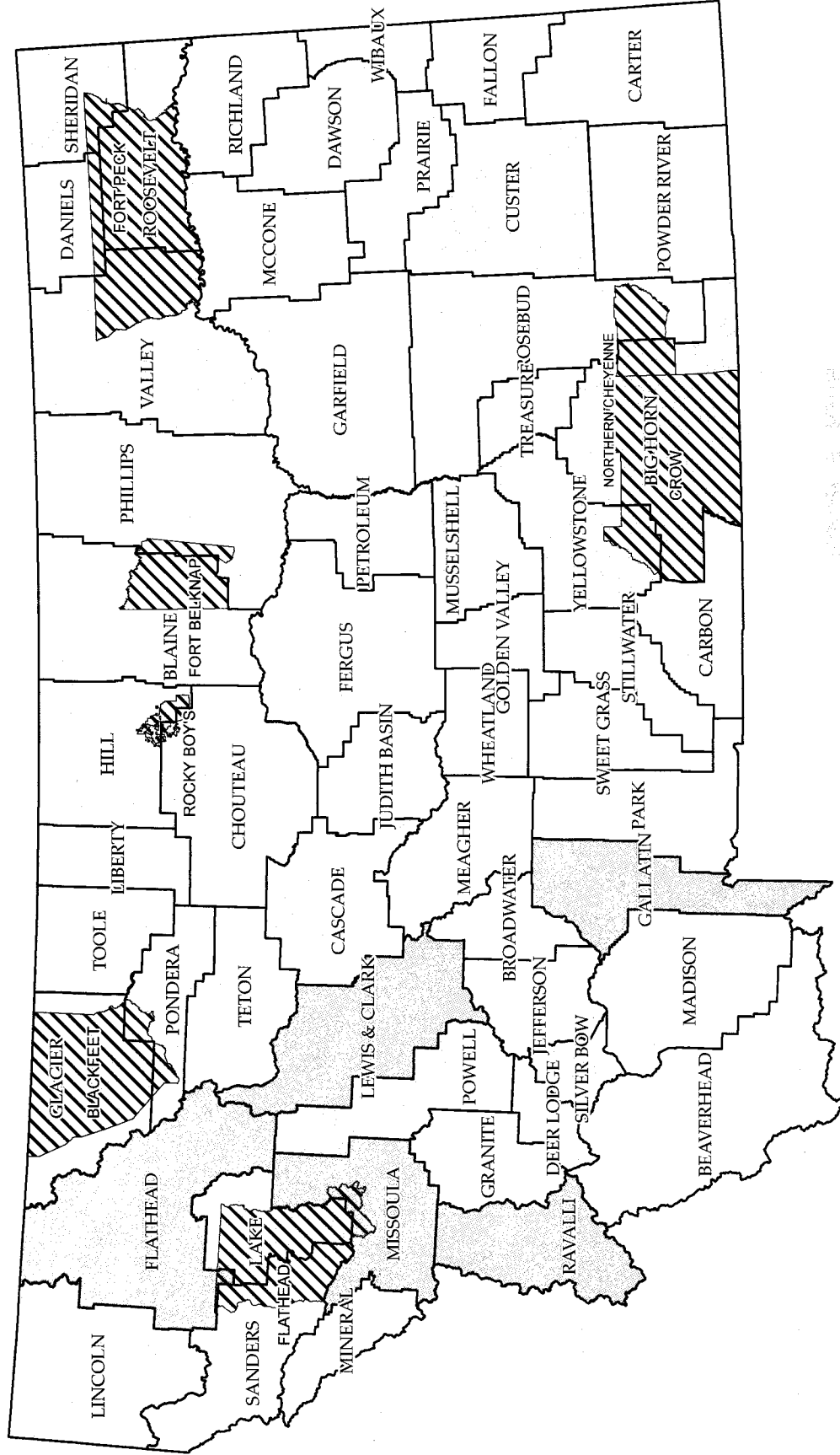
FFY 2008 CDBG Public Facilities Projects

Local Government	Type of Project	Amount Awarded	Total Project Cost
Big Horn County, on behalf of Crow Indian Tribe	wastewater system improvements	\$ 450,000	\$ 3,561,426
Big Sandy	wastewater system improvements	\$ 450,000	\$ 2,049,318
Butte-Silver Bow	food bank	\$ 329,080	\$ 464,080
Circle	wastewater treatment facility improvements	\$ 450,000	\$ 1,604,400
Helena, on behalf of MT Youth Homes	construction of youth home facility	\$ 315,000	\$ 404,000
Jordan	sanitary sewer system improvements	\$ 328,680	\$ 1,422,953
Judith Gap	water & sewer improvements	\$ 242,965	\$ 610,965
Kalispell, in partnership with the Flathead Attention Home	construction of youth shelter facility	\$ 450,000	\$ 1,033,929
Pondera County (Brady W & S Dist.)	wastewater treatment & collection system improvements	\$ 322,070	\$ 2,249,686
Twin Bridges	wastewater system improvements	\$ 450,000	\$ 2,230,000
Total:		\$ 3,787,795	\$ 15,630,757

FFY 2008 CDBG Housing Projects

Local Government	Type of Project	Amount Awarded	Total Project Cost
Park County	rehabilitation of Park County Senior Housing and Center Bldg	\$ 450,000	\$ 1,605,705
Red Lodge	acquisition and reconfiguration of Mountain Springs Villa Mobile Home Park	\$ 450,000	\$ 3,378,100
Wolf Point	housing rehabilitation, downpayment assistance, and demolition	\$ 450,000	\$ 584,857
Total:		\$ 1,350,000	\$ 5,568,662
Total Amount Awarded and Total Project Costs - 2008 Public Facilities & Housing Projects:		\$ 5,137,795	\$ 21,199,419

Neighborhood Stabilization Program



Eligible Counties

Based Upon MDOC Data

Based Upon HUD Data

Ineligible

Indian Reservation Boundary



Map created by the
Montana Department of Commerce,
Community Development Block
Grant Program

**Montana Counties Designated
as Areas of Greatest Need**
22 of 56 Counties Identified

January of 2009

Services

Direct Assistance. CTAP staff work on a one-on-one basis with local government staff and private individuals to help them solve development needs or problems.

- Provide legal and administrative advice and ideas on planning issues such as subdivision regulations, zoning, and annexations.
- Distribute monthly legal update summarizing court decisions impacting land use in Montana.
- Assist developers, surveyors, engineers, and planners understand statutes and case law governing land use planning in Montana.
- Review plans and regulations to ensure compliance with statute and professional standards.
- Conduct research to help resolve particular local or statewide land use planning issues or questions.

Publications. CTAP publishes and distributes publications for use by local agencies engaged in land use planning, including the Model Subdivision Regulations, the Growth Policy Handbook, and the Planning Board Member's Handbook.

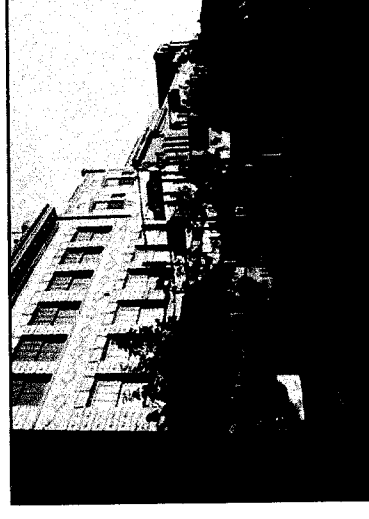
GIS Mapping. CTAP has the expertise and tools to provide electronic and printed maps to initiate or implement planning processes, such as the development of a growth policy or zoning regulations. Due to budgetary constraints, the number and types of printed maps that CTAP can provide is limited.

Local Government Workshops. CTAP can sponsor local government workshops on various planning topics, such as planning board procedure, drafting or updating a growth policy, or administering subdivision regulations, where participants can learn and exchange ideas and experiences.

Montana Community Technical Assistance Program



Planning for Montana



Montana Community Technical Assistance Program

Jerry Grebenc, Program Manager
Kelly A. Casillas, Legal Counsel
 Community Development Division
 Montana Department of Commerce
 301 S. Park Avenue
 P.O. Box 200523

Phone: 406-841-2598
 Fax: 406-841-2771
 E-mail: jgrebenc@mt.gov
 kcasillas@mt.gov

EXHIBIT

DATE
B

Jerry Grebenc, Program Manager
 Kelly A. Casillas, Legal Counsel
 Community Development Division
 Montana Department of Commerce

Problem-Solving

Legal Advice

Research

THE PROGRAM

The Community Technical Assistance Program (CTAP) is a State of Montana program administered by the Department of Commerce. The provision of land use planning technical assistance is required by Sections 90-1-101 through 90-1-103 of the Montana Code Annotated.

The purpose of CTAP is to provide technical assistance to encourage the planning and sustainable development of Montana communities by working with local governments, planning departments, private developers, non-profit organizations and the public. CTAP brings a statewide and national problem-solving perspective to every community, because it stays abreast of how other local governments, the private sector, and the courts are handling specific planning issues.

CTAP provided assistance in community planning, subdivision regulation, zoning, and capital improvements planning from 1967 until 2003. In 2003, the Legislature, faced with a \$300 million general fund deficit, cut CTAP from the budget.

In response to requests from local governments, the Schweitzer Administration requested funding to re-establish CTAP from the 2007 Legislature. CTAP received broad support from the Legislature's Education and Local Government Interim Committee, the Montana Association of Counties, the League of Cities and Towns, the Montana Association of Planners, the Montana Association of Realtors, the Montana Building Industry Association, the Montana Economic Developers Association, and the Montana Smart Growth Coalition. The Legislature responded by establishing a two-person staff for CTAP.

WHO WE ARE

Jerry Grebenc is the CTAP Manager. Jerry received his B.A. in History/Geography from the University of Minnesota - Duluth and his Master's Degree in Geography/Planning from the University of Montana. He has eight years of experience in community planning and development issues, including serving as Planning Director for Lewis and Clark County. In addition to his public service, he has worked with engineering firms in Missoula and Helena helping to design subdivision proposals and take them through the local government review process. He brings to CTAP a balanced perspective from both his local government and private sector experience.

Kelly A. Casillas is the staff attorney for CTAP. She is originally from East Helena, Montana. Kelly received her B.A. in Environmental Studies from the University of California at Santa Cruz, her Master of Arts in Urban Planning from the University of California at Los Angeles, School of Public Policy and Social Research, and her law degree from the UCLA School of Law. After receiving her J.D., Kelly was employed for over three years as the Deputy County Counsel for the County of Santa Barbara and as an associate in a private law firm that served as special counsel to several California cities and public agencies. In these positions she provided land use, planning, subdivision, and environmental review advice to planning departments, redevelopment agencies, public works departments, and various decision-making bodies. As a litigator, she defended agencies from various legal challenges involving planning and land use decisions, including denial or approval of conditional use permits, zoning changes, variances, subdivisions, comprehensive plan amendments, and protection of historic and natural resources.

WHAT WE CAN DO FOR YOU

Technical assistance involves helping local government officials, developers, and the public with land use planning in Montana. Such assistance includes sharing professional knowledge, conducting workshops, and providing "model" documents and publications and research materials. For example, a Clerk & Recorder may need assistance determining what the correct language or exemption should be on the face of a certificate of survey (COS). Or a county commissioner may call to request information on the creation of a rural improvement district (RID) for road improvements. A developer may have problems interpreting land-use regulations, or a private engineer may need a good example of a capital improvements plan that might work for a small Montana community. CTAP can provide all of this information and assistance.

Many local governments have either part-time or no staff to assist with land use planning. Even in cases where staff is available, they may have limited resources to help them do their job.

CTAP is available to help local communities by providing problem-solving ideas, publications/research, and workshop training. CTAP only has two full-time staff members to research and respond to the hundreds of requests that are received, so the program will do the best it can to address every request. CTAP's printing and travel budgets are limited, well. If we do not have the resources to help, we will help find other sources that can.

EXHIBIT 2
DATE 1/22/09
HB 2

TA Provided by CTAP

General Government Joint Appropriations Sub-Committee

Chair: Rep. Bill McChesney, D-Miles City

CTAP has provided assistance to John Marks, planner for Miles City and Custer County. Assistance has included: information on sanitation requirements for subdivisions, standards required for certificates of survey and requirements for subdivision applications

Vice chair: Sen. Rick Laible, R-Darby

CTAP has provided assistance to the Ravalli County Attorney's Office, including George Korn, Alex Beal, and Karen Mahar. Assistance included: providing copies of and discussing land use case decisions.

Rep. Walter McNutt, R-Sidney

CTAP has provided assistance to Marcy Hamburg, planner for Richland County, Sidney, Fairview and Culbertson. Assistance has included: information and advice on creating planning boards, developing growth policies, administering subdivision regulations, the use of zoning, the filing of certificate of surveys and deeds and scheduling a training workshop in Sidney for the coming spring.

Rep. Bill Nooney, R-Missoula

No requests for assistance have been received from Missoula.

Rep. Jon Sesso, D-Butte

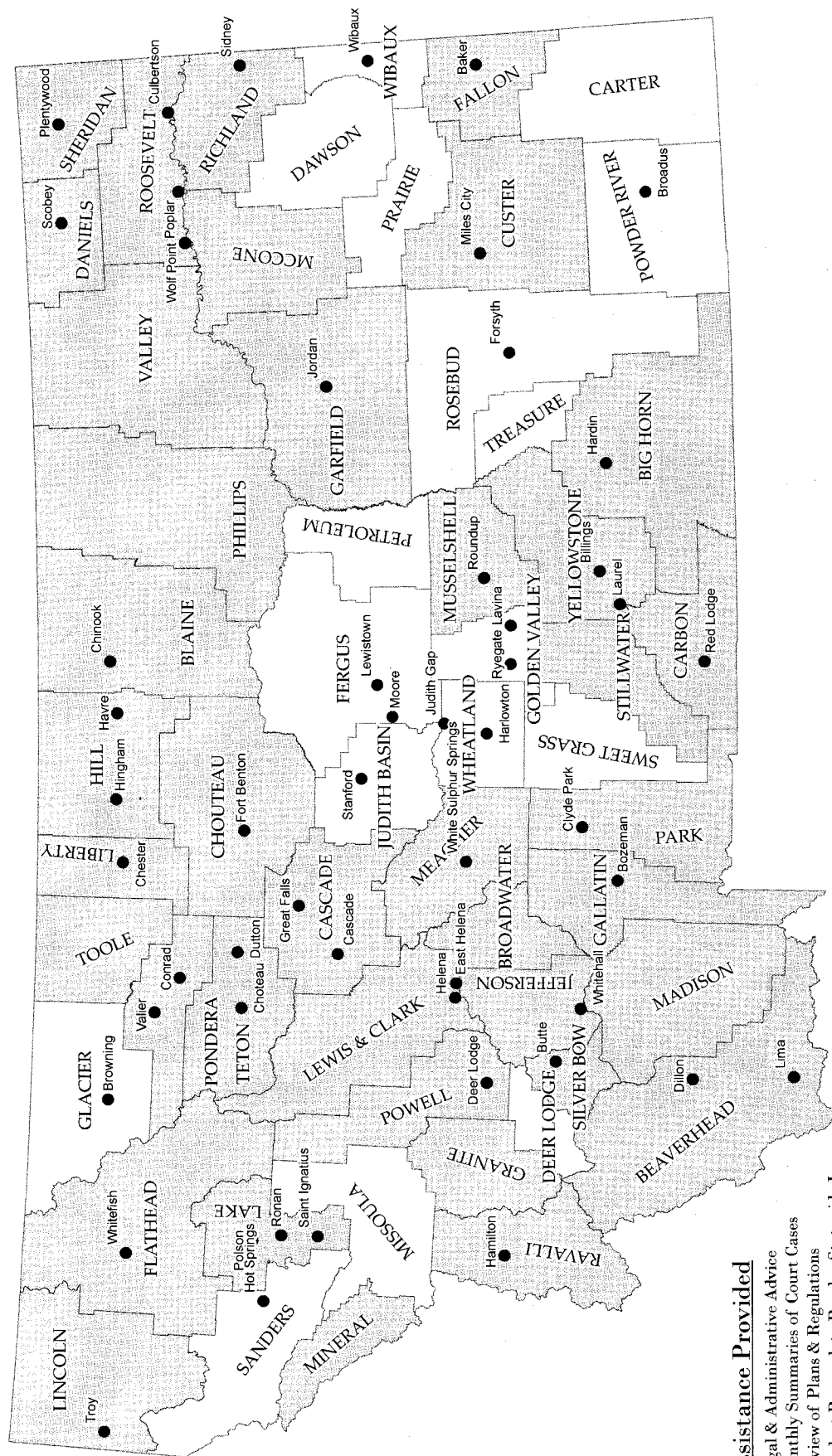
CTAP has provided assistance to John Sesso, Planning Director, Steve Hess, Senior Planner and Bob McCarthy, County Attorney and Mollie Maffei, Deputy County Attorney or Butte-Silverbow. Assistance included advice on administering the final platting of a subdivision application and discussing legal issues related to land use decisions.

Sen. Ken (Kim) Hansen, D-Harlem

CTAP has provided assistance to Paul Tuss, Krystal Stienmetz, and Craig Erickson of Bear Paw Development and Ron Anderson, planner for Blaine County. Assistance included: information and advice on developing new growth policies for Hill County and City of Havre and the Town of Hingham, the relationship between growth policies and zoning, administering and reviewing subdivision applications and certificates of survey.

Sen. Ryan Zinke, R-Whitefish

CTAP has provided assistance to Wendy Compton and Mike Taylor, planners for the City of Whitefish and John Phelps, City Attorney for Whitefish. Assistance provided included information and advice on the use of conditional zoning in the State of Montana and performing legislative history research regarding land use laws and discussing court decisions on land use decisions.



Assistance Provided

- *Legal & Administrative Advice
- *Monthly Summaries of Court Cases
- *Review of Plans & Regulations
- *Conduct Research to Resolve Statewide Issues
- *Provide Model Documents
- *Provide GIS Mapping
- *Conduct Training Workshops

Map does not show assistance provided to the private and non-profit sectors.

Municipal Assistance

● YES

County Assistance

□ YES

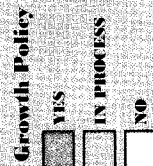
□ NO



County & Municipal Technical Assistance 2007-2008

Counties and Municipalities that Requested Services
from the Community Technical Assistance Program

Map created by the
Community Technical Assistance Program
Montana Department of Commerce
301 South Park Ave
Helena, MT 59620
406-441-5598



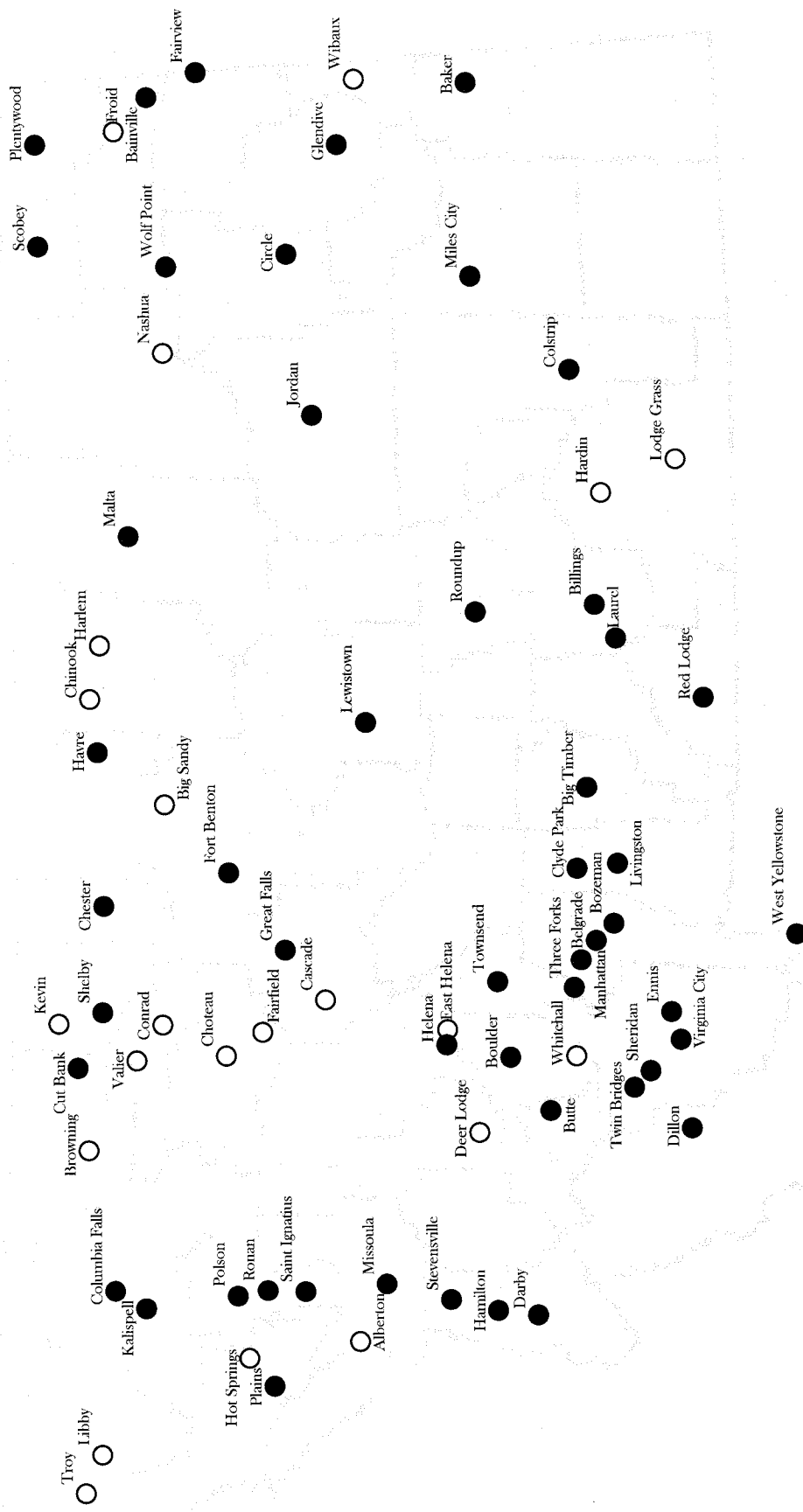
YES

Dr. Lockhart, 1990, p. 10.

on

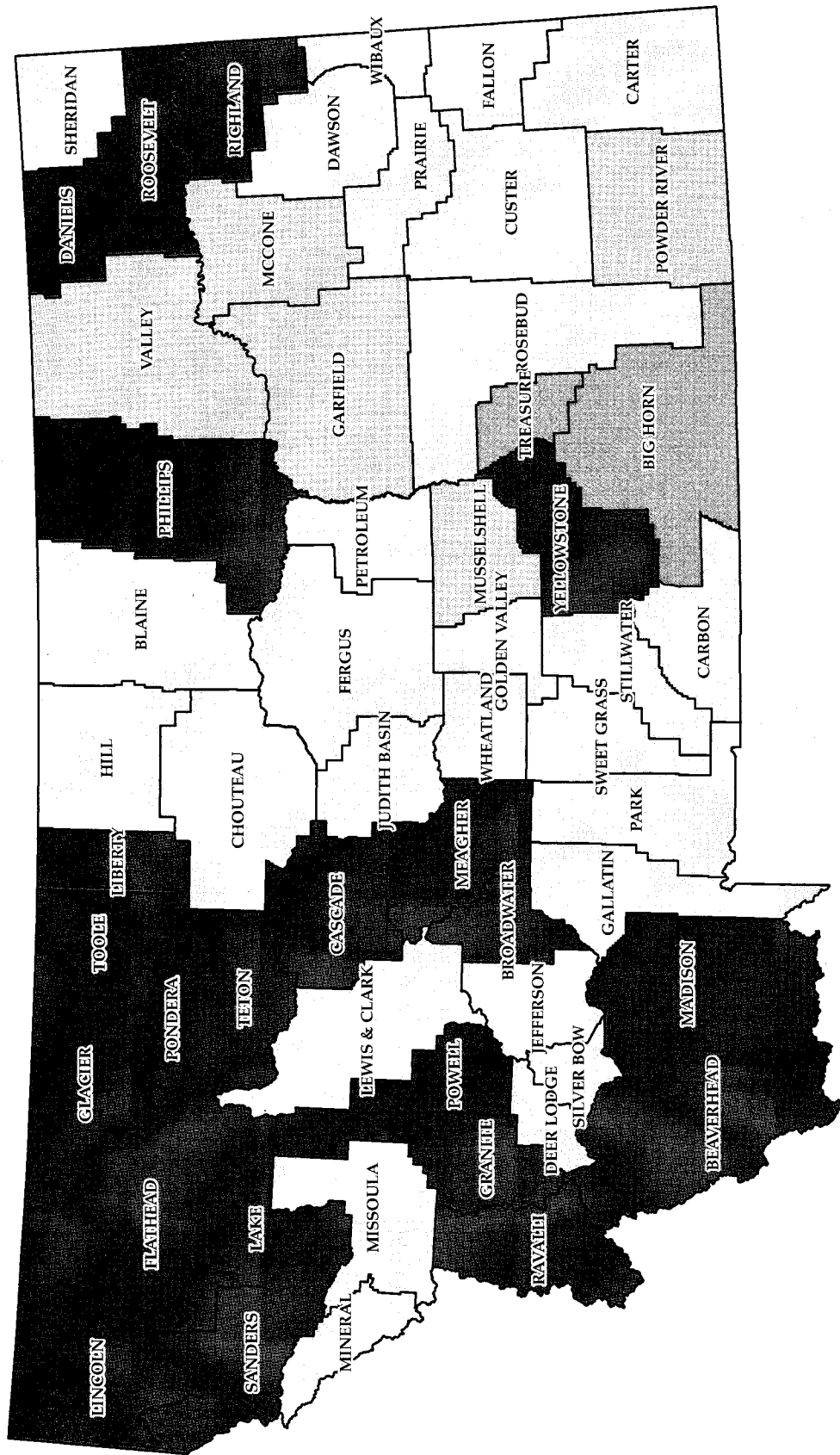


Map created by the:
Community Technical Assistance Program
Montana Department of Commerce
301 South Park Ave
Helena, MT 59620
406-841-2598

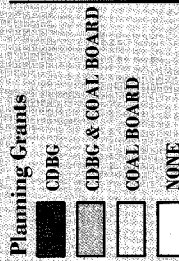


City & Town Growth Policies
Status of Montana Municipalities

January of 2009



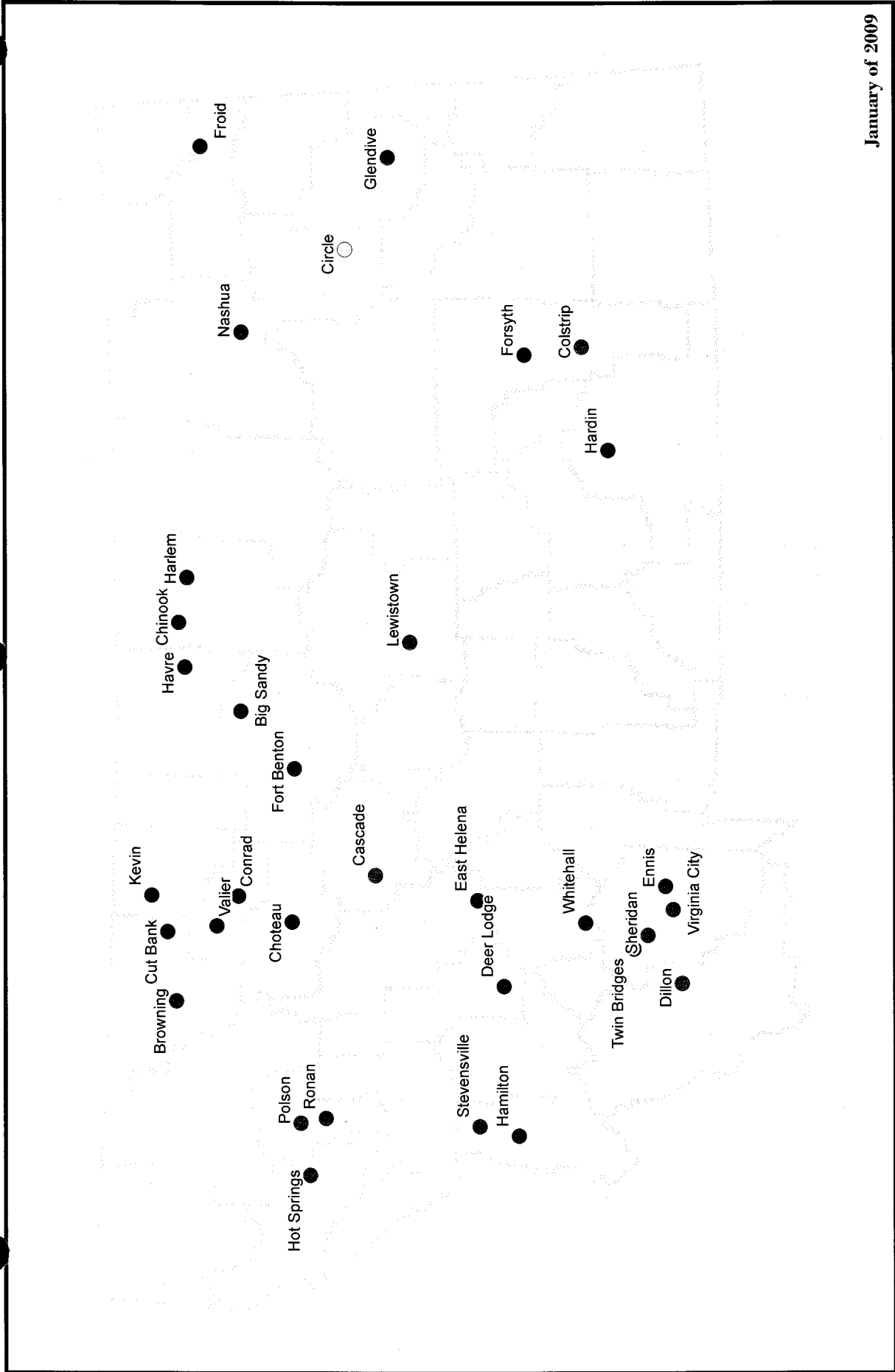
January of 2009



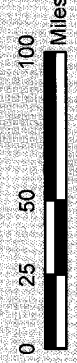
Planning Grants for County Growth Policies

Grants from the Community Development Block
Grant Program and Coal Board

Map created by the
Community Technical Assistance Program
Montana Department of Commerce
301 South Park Ave
Helena, MT 59620
(406) 841-2598

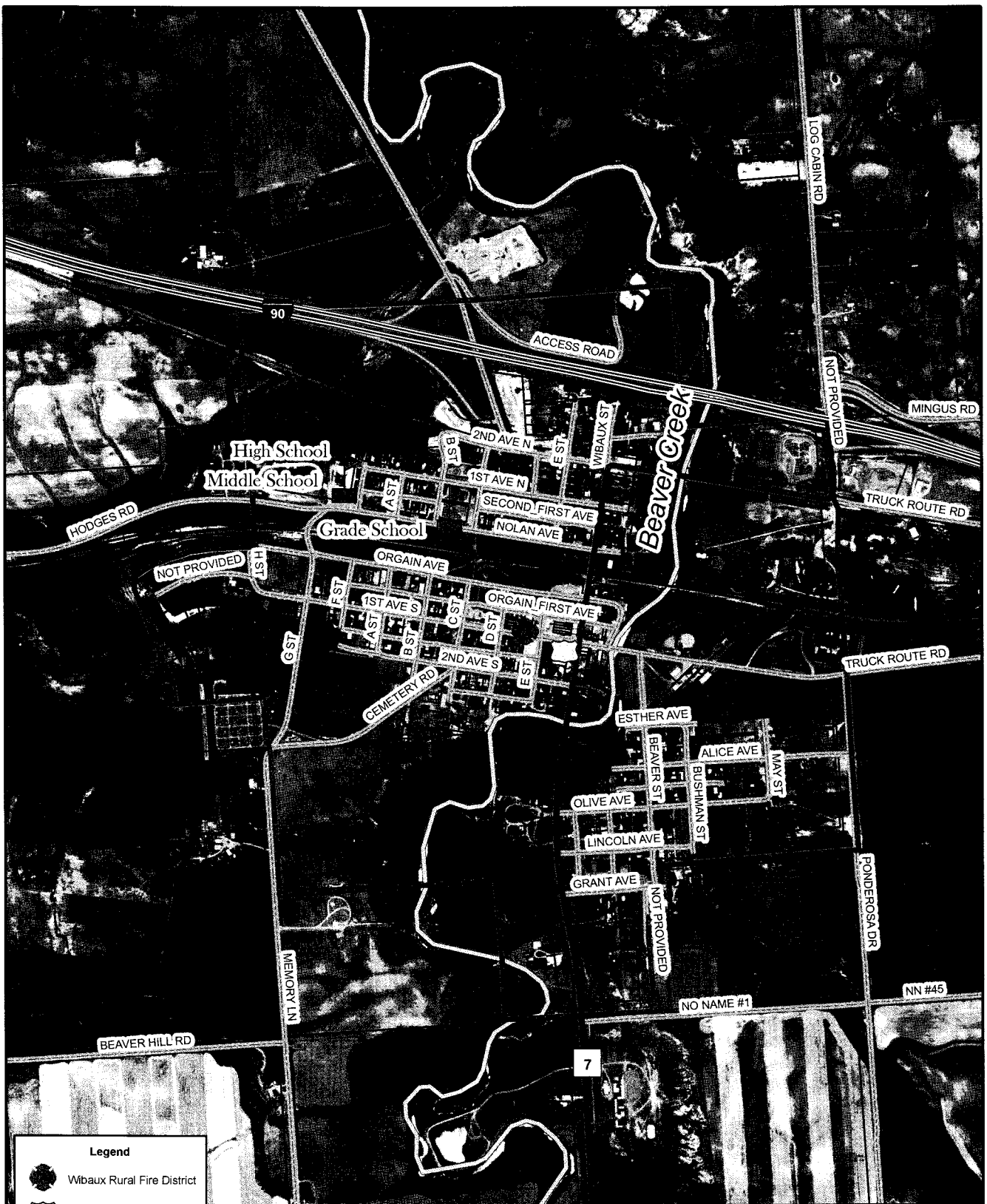


January of 2009



Planning Grants for Municipal Growth Policies Grants from the Community Development Block Grant Program and Coal Board

Map created by the
Community Technical Assistance Program
Montana Department of Commerce
301 South Park Ave
Helena, MT 59620
406-441-2596



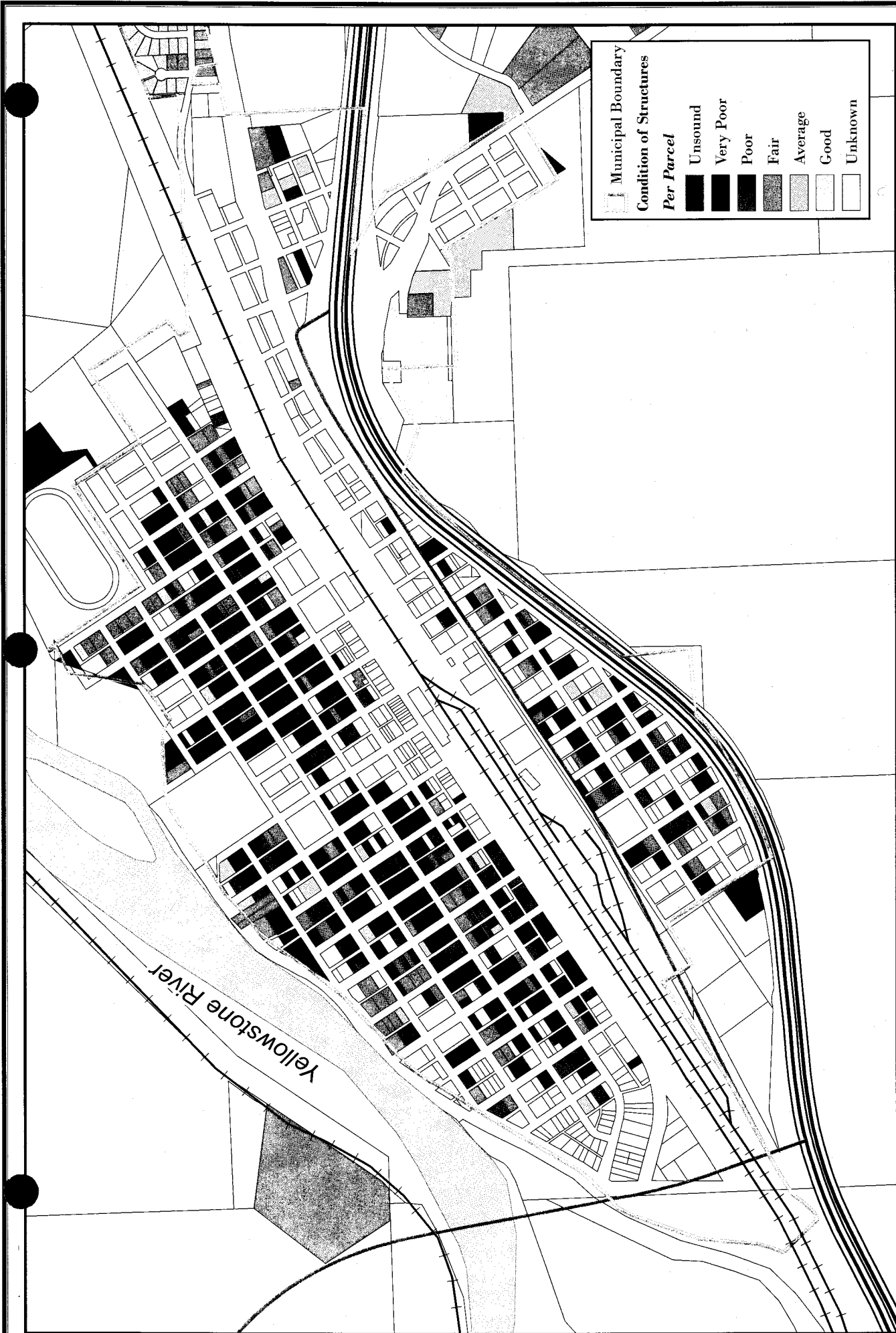
Legend

- Wibaux Rural Fire District
- Wibaux County Sheriff
- Schools
- Municipal Boundary
- Parcel Lines

**Town of Wibaux
Montana**
2005 Aerial Photo

0 250 500 1,000
Feet

Map created by the:
Community Technical Assistance Program
Montana Department of Commerce
201 South Park Ave
Helena, MT 59620
406-611-2598



The Property Tax Base Sharing Act

The Property Tax Base Sharing Act is triggered if the approved plan identifies a "jurisdictional revenue disparity," such as may occur if increased costs for local government services will occur in a local government unit which does not include the mine within its taxing jurisdiction.

The Property Tax Base Sharing Act provides for a formula-based allocation of the taxable valuation of the hard-rock mineral development among affected counties, municipalities and school districts. The allocations are based on the place of residence of the hard-rock mineral development employees and their school age children.

The Hard-Rock Mining Impact Board

The five-member Hard-Rock Mining Impact Board is appointed by the Governor in compliance with specific purposes.

Depending upon the issues before the Board, the meetings may be held in various locations throughout the State. All Board meetings are open to the public and citizen participation is encouraged. Public comment on any matter that is within the jurisdiction of the Board will be allowed at all Board meetings. The opportunity for public comment will be reflected on the meeting agenda and incorporated into the official minutes of the meeting. Board meetings are held at facilities that

are fully accessible to persons with disabilities. Any person needing reasonable accommodations should notify the Hard-Rock Board at (406) 841-2782 or TDD at (406) 841-2702 before the scheduled meeting to allow for arrangements.

If you request to be on the mailing list, an agenda will be sent to you approximately two weeks prior to the meeting of the Hard-Rock Mining Impact Board. For more information visit our web site at:

http://comdev.mt.gov/CDD_HR.asp

or contact:

Hard-Rock Mining Impact Board
Department of Commerce
Park Avenue Building
301 South Park Avenue
Helena, MT 59601

Hard Rock Mining Impact Board Members

Mary Ellen Cremer – Big Timber
Kristen Koss – Custer
Marianne Roose – Eureka
Ed Tinsley – Helena
Shain Wolstein - Butte

Administrative Staff:

Ellen Hanpa, Administrative Officer
(406) 841-2789
Linda Stangland, Program Assistant
(406) 841-2782

Alternative accessible formats of this document will be provided upon request.

The Hard Rock Mining Impact Act

& Property Tax Base Sharing Act

EXHIBIT

DATE

1/22/09



Montana Tunnels Mine near Jefferson City



Stillwater Mine near Livingston

Updated January 2009

The Hard-Rock Mining Impact Act

The Purpose

Working with mineral developers and affected local governments, the 1981 Montana Legislature enacted the Hard-Rock Mining Impact Act. The purpose of the Act is to ensure that local government services and facilities will be available when and where they are needed as a result of new large-scale hard rock mineral developments and that the increased costs of these services will not burden the local taxpayer. In 1983, the Legislature also addressed on-going increased costs in taxing jurisdictions that do not include the hard rock mineral development within their boundaries and the fiscal and economic impacts of major workforce reduction and mine closure.

The Hard-Rock Mining Impact Act and the Property Tax Base Sharing Act are found in Title 90, Chapter 6, Parts 3 and 4 in the Montana Code Annotated (MCA). They are available at:
<http://data.opi.mt.gov/bills/mca/90/6/90-6-307.htm>

The Plan

To implement the Impact Act, the Hard-Rock Mining Impact Board has adopted administrative rules beginning with 8.104.101 in the Administrative Rules of Montana (ARM). They are available at: <http://www.mtrules.org/>

Under the Impact Act each new large-scale hard-rock mineral development in Montana is required to prepare a local government fiscal Impact Plan. In the plan the developer is to identify and commit to pay all increased capital and net operating costs to local government units that will result from the mineral development. The Impact Plan is a condition of the operating permit issued to the developer by the Montana Department of Environmental Quality.

The developer prepares the Impact Plan with the cooperation of the affected local governments. The developer then submits the proposed plan to the affected local government units and to the Hard-Rock Mining Impact Board for their formal review. Local governments review the plan for its accuracy and adequacy with respect to anticipated service and facility needs and costs. The Board reviews the plan for its compliance with the Hard-Rock Mining Impact Act and the administrative rules.

In the plan, the developer may commit to provide assistance that will prevent increased costs or may commit to pay increased costs through grants, property tax prepayments, or education impact bonds

If a local government disagrees with any portion of the plan, the governing body may file an objection with the Hard-Rock Mining Impact Board during the 90-day review period. If the objection is not resolved through negotiation between the developer and the governing body, the Board holds a public hearing on the objection and arbitrates the dispute.

The Hard-Rock Mining Impact Board must approve the Impact Plan. The developer or an affected local government unit may petition the Board to amend an approved plan under those circumstances specified by statute or as provided in the Impact Plan itself.

A new hard-rock mineral development that becomes "large-scale" after it has received its operating permit may petition the Board for a waiver from the requirements of the Act. The Board may grant a waiver or a conditional waiver or, following a public hearing, may require that an Impact Plan be prepared.

Criteria

Under State law (Section 90-6-206, MCA) and the Administrative Rules of Montana (Section 8.10.301, ARM), grants must be awarded on the basis of:

Need – what assistance is required to eliminate or reduce a problem that threatens the public's health, safety, or welfare that is the result of coal development or decline?

Severity of impact from coal development or decline – what has been the relative amount of demographic or economic change that is a result of the coal development or decline?

Availability of funds – the weighing of the amount of available Coal Board funds in comparison to the total requests submitted?

Degree of local effort – what other funding sources can the applicant pledge to the project based on the applicant's indebtedness and current taxing efforts, and has the applicant sought out all other reasonable sources of funding to assist with the project?

Planning – does the proposal fit into an overall plan for the orderly management of the existing or contemplated growth problems?

Questions for Grant Applicants

- How is the need for a grant related to impact from coal development or decline?
- Is the need documented to be a high priority project for the community?
- Can you demonstrate community input and support for the project?
- Can you demonstrate how the project will directly meet the stated needs?
- Have other possible sources of funding been seriously explored?
- Is the community's financial commitment demonstrated and secured?
- Is the budget and financial plan for the project realistic, appropriate, and feasible?
- Is a reasonable timeframe established for the completion of the project?
- Questions and requests should be directed to:

Administrative Staff **Montana Coal Board**

Department of Commerce
Ellen Hampa, Administrative Officer
(406) 841-2789
Linda Stangland, Program Assistant
(406) 841-2782
301 S Park Avenue
Helena, Montana 59620

Montana Department of Commerce The Montana Coal Board



*Assisting Communities Impacted by
Coal Development*

Major Coal Mines
and the Designated Coal Impact Area

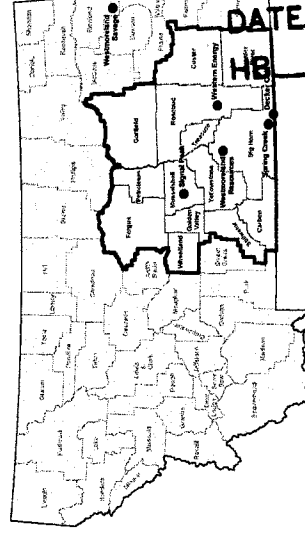


EXHIBIT 2
DATE 11/22/09
HB 2

Funding Authorized

Coal Board Grant Dollars Appropriated by the Montana Legislature for:

Fiscal Years 2008-2009...\$ 2,000,000

Coal Board grants are funded by Montana's Coal Severance Tax.

Purpose

The Coal Board's purpose is to as local governmental entities that must provide expanded public services and facilities needed as a consequence of coal development, consumption, or decline. (See Section 90-6-201, MCA.)

Eligibility

Where a coal impact exists, Coal Board grants may be awarded to any:

- ◆ City
- ◆ Town (Incorporated)
- ◆ County
- ◆ School District
- ◆ Special District
- ◆ Federally recognized Indian tribe – 7% limit (See Section 90-6-209)
- ◆ State agency (See Sections 90-6-206, 207, 208, MCA)

Fifty percent of the funding appropriated for coal impact grants is reserved for governmental units within designated coal impact area.

Montana Coal Board

Returning coal severance taxes to coal impacted areas.

The seven-member Coal Board meets quarterly to consider applications for coal impact grants. All Board meetings are open to the public. *Public comment on any public matter that is within the Board's jurisdiction will be allowed at all Board meetings. The opportunity for public comment is reflected on the meeting agenda. All comments are included in the official minutes of the meeting.*

Montana Coal Board Members

John Williams, Chair – Colstrip
Marcia Brown - Butte
Dan Dutton, Vice-Chair – Belfry
Chad Fenner – Hardin
Julie Foley - Missoula
Thomas Kalakay – Billings
Gerald Navratil – Sidney

Coal Board meetings are held at facilities that are fully accessible to persons with disabilities. Any person needing reasonable accommodations must notify the Coal Board at 406-841-2782 or TDD at 406-841-2702 before the scheduled meeting to allow for arrangements.

Alternative accessible formats of this document will be provided upon request. For further information, please contact the above telephone numbers.

Application Process

1. Applicants can download the Coal Impact application form from the Board's website or request information from the Coal Board staff.
2. Applications are due the first of the month before the scheduled month of the meeting. Applicants can contact staff for assistance with application procedures.
3. Staff, Board members, and other appropriate agencies review the application.
4. The applicant appears at a scheduled meeting and formally presents the proposal to the Board.
5. The Board considers the proposal and votes to either:
 - **Approve the Application**
 - **Table the Application** and request more information, as needed; or
 - **Deny the Application.**

For copies of application form and other information please visit our website:

http://comdev.mt.gov/CDD_CB.asp

Legend:

- Coal Mine
- Proposed Power Plant
- Existing Power Plant

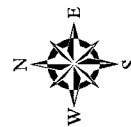
Scale: 0 20 40 80 120 160

Map Labels:

Counties: Lincoln, Flathead, Glacier, Toole, Liberty, Hill, Blaine, Phillips, Valley, Daniels, Sheridan, Roosevelt, Richland, McCone, Westmoreland, Great Northern, Prairie, Fallon, Carter, Rosebud, Custer, Colstrip, Otter Creek, Powder River, Decker Coal, Spring Creek, Hardin, Big Horn, Carbon, Sweet Grass, Stillwater, Yellowstone, Treasure, Musselshell, Signal Peak, Roundup, Golden Valley, Wheatland, Meagher, Broadwater, Gallatin, Park, Madison, Beaverhead, Ravalli, Deer Lodge, Silver Bow, Granite, Powell, Lewis & Clark, Cascade, Judith Basin, Fergus, Petroleum, Garfield, Chouteau, Teton, Pondera, Sanders, Lake, Mineral, Missoula, Granite, Powell, Lewis & Clark, Cascade, Judith Basin, Fergus, Petroleum, Garfield, Chouteau, Teton, Pondera, Sanders, Lake, Mineral, Missoula.

Locations: Highwood, Savage, Signal Peak, Roundup, Western Energy, Colstrip, Otter Creek, Spring Creek, Decker Coal, Highwood, Savage, Signal Peak, Roundup, Western Energy, Colstrip, Otter Creek, Spring Creek, Decker Coal.

Created by: Census & Economic Information Center



CoalPotential_06.mxd January 2009

THE MONTANA COAL BOARD

- The Coal Board was created in 1975 with the adoption of the Coal Severance Tax.
- The seven-member board is appointed by the Governor and meets quarterly.
- Its purpose is to provide grants to help communities meet public facility or public service needs that are related to the development or decline of coal mines or coal-fired power generating plants.
- Eligible applicants include cities and towns, counties, consolidated governments, tribal governments, school districts, state agencies, and county or multi-county water, sewer, or solid waste districts or other governmental units.
- The Coal Board is funded from the Oil, Gas, and Coal Natural Resource Account established by the 2005 Legislature through HB 758. The account provides 2.9% of coal severance tax proceeds for coal impact grants and support of the Coal Board. This would provide approximately \$3 million

Grants Awarded in 2008 and 2009

During fiscal years 2008 and 2009:

- A total of 44 grant applications were submitted to the Coal Board. The projects included school safety improvements; hospital renovations and equipment; city halls; fire stations; police and sheriff equipment including cars, radios and fingerprinting systems; road equipment including rock crushers and belly dump trucks; fire trucks; emergency operations radios and transmitters, as well as preparation of community growth policies and preliminary engineering and architectural studies.
- Seven of the FY 2009 applications, amounting to \$2,111,398, have moved to full application status to be evaluated at the March, 2009 meeting although no funds are available. The Governor's budget proposes \$3 million for the Coal Board for the 2010-2011 Biennium. Pending applications are:

Applicant	Project	Amount Requested	Total Project Cost
City of Hardin	Fire Station	\$250,000	\$900,000
Musselshell County	Short-term Staffing – 2 road department personnel and 1 law enforcement personnel for a 2-year period	\$259,080	259,080
Musselshell County	Road and Sheriff Department Equipment -2 patrol cars, a patrol motor grader, 1 pick-up	\$480,000	\$900,000
Musselshell County	Ambulance	\$130,000	\$130,000
Musselshell County	Fattig Creek and Majerus Road Construction	\$585,044	\$1,729,755
City of Roundup	Stormwater Main Trunk-line	\$390,000	\$490,000
Roundup Schools	Capital Improvements Plan	\$17,274	\$22,274

- The Coal Board awarded a total of 32 grants, totaling \$2,000,000.
- The 32 grants ranged from a high of \$200,000 to a low of \$7,500.
- The average grant amount was \$62,500, up from \$47,500 in 2006 and 2007.
- The 32 projects involve over \$13.9 million in other state, federal and local funds.

Existing and Proposed Development In Montana's "Coal Country"

(See map on the following page.)

Current and proposed Montana coal-related projects include:

- During 2005, the MDU Resources' **Rocky Mountain Power** 116-megawatt coal-fired generating plant at Hardin went on line.
- A coal-fired electric and wood co-generation plant, **Thompson River Co-Gen**, in Thompson Falls is currently off-line pending settlement of an air quality permit issue
- **Great Northern Power Development** of Denver and Kiewit Mining Group of Omaha have proposed a \$1 billion 500-megawatt coal-fired generating plant near Nelson Creek west of Circle, along with an adjacent coal mine, and related infrastructure.
- **Bull Mountain Power** has proposed two 350-megawatt coal-fired generators using 2.7 million tons of coal per year from the Bull Mountain Mine at Roundup.
- **The Southern Montana Electric Generation and Transmission Cooperative** is seeking permits to build a \$515 million 250-megawatt coal-fired generating plant at Great Falls.
- **Kennecott, Bechtel, and Wesco** have proposed building a coal plant to generate 3,000 megawatts at Otter Creek.

Montana has six existing coal mines (with total production from Dec. – Nov., 2005):

- **Bull Mountain Mine near Roundup** (208,755 tons)
- **Decker Coal Company at Decker** (8,241,274 tons),
- **Spring Creek Mine in Big Horn County** (12,001,290 tons)
- **Western Energy Company's Rosebud Mine at Colstrip** (12,413,482 tons)
- **Westmoreland Resources' Absaloka Mine at Hardin** (6,588,633 tons)
- **Westmoreland Resources' Mine at Savage** (380,042 tons).

DEPARTMENT OF COMMERCE

Community Development Division 2011 Biennium

Legislative Fiscal Division Budget Analysis, Page A-283

PROGRAM CONTACTS

The department, division, program director and chief financial officer for the department, division, program and their contact information are:

Title	Name	Phone Number	E-mail address
Division Administrator	Dave Cole	841-2766	dacole@mt.gov
TSEP Program Manager	Jim Edgcomb	841-2785	jedgcomb@mt.gov
CDBG Program Manager	Gus Byrom	841-2777	gbyrom@mt.gov
CTAP Program Manager	Jerry Grebenc	841-2598	JGrebenc@mt.gov
Administrative Officer (Coal Board & Hard Rock)	Ellen Hanpa	841-2789	ehanpa@mt.gov

WHAT THE DIVISION DOES

The original enabling legislation for the Department of Commerce was the Planning and Economic Development Act of 1967. Supporting sound community planning and local economic development have been parallel missions for the department ever since. The missions of the Community Development Division (CDD) are primarily mandated in Title 90, Chapter 1 and Chapter 6, MCA; and federal authorizations 24 CFR 570, subpart 1; and 42 USC 5301.

The CDD administers three programs directly:

- The Community Technical Assistance Program (CTAP)
- The Community Development Block Grant (CDBG) Program (for Housing & Public Facilities), and
- The Treasure State Endowment Program (TSEP).

Two citizen boards, appointed by the Governor, are attached to the CDD for administrative purposes. The division provides office facilities, staff and administrative support for the two boards:

- The Montana Coal Board, and
- The Montana Hard Rock Mining Impact Board.

Overall, the five programs of the CDD seek to assure viable, sustainable communities and the provision of cost-effective and efficient community services and facilities by encouraging well planned community growth and development. The efforts of the division are consistent with sustainability, efficiency, and effectiveness. In particular, three of the CDD programs provide grants that:

- help to ensure that safe, clean, and drinkable water is available, wastewater systems do not pollute and degrade the waters of the State, and bridges provide safe transportation,
- help to ensure that community-based services are both safe and efficient, and, in many cases, more energy efficient,
- help to ensure that affordable housing is available for low and moderate income families,

- provide well paying construction jobs through the millions of dollars involved in improvements to local infrastructure,
- facilitate economic development by assuring adequate infrastructure to support growth, and
- strengthen government-to-government relationships with tribes because of the funding and technical assistance provided to them.

Funding:

- The Community Development Block Grant program is primarily funded with federal funds allocated through the U.S. Department of Housing and Urban Development (HUD) although the general fund provides a required match for a portion of the administrative costs of the program equal to three percent of the annual CDBG allocation.
- The Coal Board is funded from the oil, gas, and coal natural resource account established by the 2005 Legislature through HB 758.
- The Community Technical Assistance Program (CTAP) is funded by the general fund.
- The Hard-Rock Mining Impact Board is funded by a 2.5 percent allocation of the Metalliferous Mines License Tax.
- The Treasure State Endowment Program is funded by interest earnings from the treasure state endowment fund, a sub-fund within the coal tax trust fund. Fifty percent of the coal severance taxes that go into the coal tax trust fund are to be transferred to the treasure state endowment fund for a 23-year period, which began in 1993.

Mission:

To provide technical and financial assistance to county and municipal governing bodies, planning boards, community development groups, human resources development agencies, private developers, consultants, and the public regarding community planning and needs identification, planning and financing for the construction of public facilities, community development and housing planning and financing; and coal and hard rock mining or coal-related energy impact mitigation.

Each of the five programs has a specific mission and goals and objectives, based on its legislative history, as described below.

Division Goals and Objectives:

The Community Development Division will cooperate with and provide technical assistance for the purposes of aiding and encouraging the orderly, productive, and coordinated development of the communities of the state. In providing technical assistance to communities, the division will pay particular attention to best practices for community planning and development, including the planning and financing of public facilities.

In summary, the Community Development Division serves Montana's local governments, non-profit organizations, and the private sector by providing:

- Financial assistance to help make community planning and public facilities and services affordable
- On-site and regional training opportunities for local officials and staff
- Practical and professional guidance in community planning, development, and public facilities issues

- Assistance in legal, technical, and policy research related to community development and infrastructure issues
- Sample growth policies, development regulations, and capital improvements plans
- Informative technical assistance publications and handbooks related to long-term community planning and infrastructure planning and financing
- 24-hour access to division resources and other resource links via the Internet

Statutory Authority

The Community Development Division's responsibilities are primarily mandated in Title 90, Chapter 1 and Chapter 6, MCA (the Planning and Economic Development Act of 1967). The programs and boards described above were authorized by the following:

- TSEP was authorized by Montana voters with the passage of Legislative Referendum 110 in June 1992 (90-6-701 through 710, MCA).
- Federal authorizations regarding the CDBG program are included in the Federal Housing and Community Development Act (42 USC 5301) and in HUD regulations (24 CFR 570, subpart I). The Legislature authorized the Department to administer the CDBG program in 1981 (90-1-103 (5), MCA).
- The Coal Board was established in 1975; it awards and administers coal impact grants pursuant to 90-6-207, MCA.
- The Montana Hard Rock Mining Impact (HRMI) Board, created by the Legislature in 1981, administers the Hard-Rock Mining Impact Act (90-6-301, MCA) and the companion Property Tax Base Sharing Act (90-1-401, MCA). The HRMI Board provides technical assistance with metal mines license tax distributions and adjudicates disputes between affected entities.

HOW SERVICES ARE PROVIDED

Community Technical Assistance Program (CTAP):

CTAP provided assistance in community planning, subdivision regulation, zoning, and capital improvements planning from 1967 until 2003. In 2003, the Legislature, faced with a \$300 million general fund deficit, cut CTAP from the budget.

In response to requests from local governments, the administration proposed to re-establish CTAP during the 2007 Legislature. CTAP received broad support from the Legislature's Education and Local Government Interim Committee, the Montana Association of Counties, the League of Cities and Towns, the Montana Association of Planners, the Montana Association of Realtors, the Montana Building Industry Association, the Montana Economic Developers Association, and the Montana Smart Growth Coalition. The Legislature responded by establishing a 2.00 FTE for CTAP: a program manager (senior planner) and an attorney.

CTAP Mission:

Section 90-1-103, MCA, sets out the community development mission of the department:

- provide technical assistance to county and municipal governments and their planning boards, community development groups, and similar agencies created for the purposes of aiding and encouraging the orderly, productive, and coordinated development of the communities of the state;
- assist in the solution of community development problems and implementation of community plans;
- provide information on available federal and state financial and technical assistance; and

- pay particular attention to the planning and financing of public facilities and to the problems of metropolitan, suburban, and other areas in which economic and population factors are rapidly changing.

CTAP Goals and Measurable Objectives

CTAP will:

- Meet needs and priorities of clients by monitoring trends and periodically surveying clientele to determine their priorities for technical assistance.
- Maintain a quality level of service in providing basic assistance to clients, i.e. prompt and thorough responses to phone calls and e-mails.
- Expand and enhance educational outreach to clients by providing more opportunities for training.
- Sponsor regional workshops to provide education and training throughout the state.
- Conduct site-specific workshops to provide education and training for entities such as county commissions and municipal councils, planning board members, professional planning staff, realtors, developers, and interested citizens.
- Expand CTAP digital library in order to cost effectively provide training to clients through electronic media such as CD-ROMs containing PowerPoint presentations with 29 simultaneous audio.
- Assist with the coordination of statewide planning initiatives such as the DNRC Taskforce on Wildland-Urban Interface Standards and the Governor's Task Force on Riparian Protection.
- Enhance CTAP website to provide clients with access to more "self-service" educational information and resources, such as model documents and training materials.
- Encourage and assist local governments in the use of geographic information system (GIS) mapping capabilities to produce maps for documents, such as local growth policies and capital facilities plans.
- Expand outreach and assistance to the Indian tribes and rural communities of the State by making them aware of CTAP services and capabilities.
- Update CTAP publications such as the Model Subdivision Regulations, Growth Policy Resource Book, and Planning Board Members Handbook to ensure that they comply with statutory changes and provide guidance on the best practices available.
- Continue to log and respond to client contacts and specific requests for assistance.

The following figure shows the division's biennium goals and performance measures that are associated with the proposed 2011 biennium HB 2 budget.

CTAP Performance Indicators:

PERFORMANCE	Actual FY 2008	Estimated FY 2009	Proposed FY 2010	Proposed FY 2011
Clients Assisted	388	600	700	700
Workshops & Meetings	71	100	125	125
Publications	1200	1000	500	500
Clients Utilizing Training Library	0	50	100	100
Clients for GIS Mapping Services	12	30	50	50

Community Development Block Grant Program (CDBG):

Montana's Community Development Block Grant (CDBG) Program is a federally-funded competitive grant program designed to help communities of less than 50,000 in population with their greatest community development needs. The program was established by the federal Housing and Community Development Act of 1974.

In 1981, the Legislature directed the department of commerce to administer the CDBG program and adopt administrative rules to implement the program (90-1-103, MCA (1) (e). Montana receives annual allocations of CDBG funds based on a statutory formula and the amount budgeted by Congress for the program. The department revises the administrative rules for the program annually for each federal fiscal year funding allocation after soliciting public comment.

The Montana CDBG program provides funding for four categories of community projects:

1. economic development
2. public facilities
3. housing and neighborhood renewal
4. planning

The department sets aside one-third of grant funds for economic development projects, which are administered by the Business Services Division. The balance of the funds is set aside for public facilities, housing, and planning projects administered by the CDD. All projects funded by CDBG must principally benefit low and moderate income persons. Under federal law, eligible applicants are limited to general purpose local governments: towns and cities under 50,000 population, and counties.

Public facilities projects can fund conventional community facilities such as water, sewer, and solid waste. Projects can also include public facilities designed to principally serve low and moderate income persons such as Head Start centers, mental health centers, childcare centers for low income children, senior centers, group homes for abused children, and hospitals or nursing homes.

Housing and neighborhood renewal projects can include the rehabilitation of substandard homes within a community (including making energy conservation improvements to residences) or new construction of housing units for low and moderate income persons. Housing grants can also be made to local governments to provide down payment assistance for home purchases by low and moderate income families.

Planning projects can assist local governments in the planning or studies necessary to develop a CDBG project, or to prepare or update a local growth policy, a housing plan, preliminary engineering or architectural study, or a capital improvements plan.

The CDD conducts three formal grant competitions each year: a spring grant competition for planning grants, a summer grant competition for public facilities, and a winter grant competition for housing projects. The department director awards grants in order of the scores assigned under the ranking criteria adopted for each grant category.

The CDBG staff is responsible for ensuring that federal and state laws and regulations are complied with during the implementation of local projects. CDBG staff also devotes extensive time to assist local governments in administering their projects.

CDBG Mission:

Under federal law, the primary mission of the CDBG program is "the development of viable urban communities by providing decent housing and a suitable living environment and expanding economic opportunities, principally for persons of low and moderate income."

CDBG Goals and Measurable Objectives

Under federal law, the principal objectives of the CDBG program include:

- The elimination of slums and blight and the prevention of blighting influences and the deterioration of property and neighborhood and community facilities of importance to the welfare of the community, principally those serving persons of low and moderate income.
- The elimination of conditions that are detrimental to health, safety, and public welfare, through code enforcement, demolition, housing rehabilitation assistance, and related activities.
- The conservation and expansion of the nation's housing stock in order to provide a decent home and a suitable living environment for all persons, but principally for those of low and moderate income.
- The expansion and improvement of the quantity and quality of community services, principally for persons of low and moderate income, which are essential for sound community development and for the development of viable urban communities.
- The alleviation of physical and economic distress through the stimulation of private investment and community revitalization in areas with population out migration or a stagnating or declining tax base.
- The conservation of the Nation's scarce energy resources, improvement of energy efficiency, and the provision of alternative and renewable energy sources of supply.

The following figure shows the division's biennium goals and performance measures that are associated with the proposed 2011 biennium HB 2 budget.

CDBG Performance Indicators:

PERFORMANCE	Actual FY 2006	Actual FY 2007	Actual FY 2008	Estimated FY 2009	Requested FY 2010	Requested FY 2011
Applications Reviewed						
Public Facilities	17	17	17	20	20	20
Housing	8	5	5	5	5	5
Planning	22	23	17	20	20	20
PERFORMANCE	Actual FY 2006	Actual FY 2007	Actual FY 2008	Estimated FY 2009	Requested FY 2010	Requested FY 2011
Grants Awarded						
Public Facilities	8	8	10	10	10	10
Housing	4	3	3	3	3	3
Planning	21	21	15	15	15	15

Treasure State Endowment Program (TSEP):

The treasure state endowment program (TSEP) is a state-funded grant program created to help local governments fund infrastructure projects, defined by statute as drinking water systems, wastewater treatment, sanitary sewer or storm sewer systems, solid waste disposal and separation systems, including site acquisition, preparation, or

monitoring, and bridges. TSEP was authorized by Montana voters through the passage of Legislative Referendum 110 in June 1992 (90-6-701, MCA).

Construction Projects – Applications Received and Reviewed:

- Applications for funding local government public facility construction projects are accepted by the program in even-numbered years.
- The program received 65 applications in FY 2008, with half of their review and evaluation occurring in FY 2008 and the remainder in FY 2009. These 65 applicants are competing for funds that will become available during the 2011 biennium.
- The TSE fund grows each year, which in turn provides more funds each biennium for award to construction projects. The department estimates that a similar number of applications would be received and reviewed in FY 2010 and 2011 as a result of growth and the additional need for new centralized water and wastewater systems, aging infrastructure needing to be replaced, and new federal and state standards and regulations that require that improvements be made.

Construction Projects – Awards:

- Construction projects are authorized for funding every other year by the Legislature.
- Fifty-six projects were awarded matching grants by the 2007 Legislature.
 - The reason that there are almost twice as many awards than what had been previously estimated is that the 2007 Legislature decided to award grants to all but one of the 57 local governments that applied in 2006.
 - In order to fund all of these projects, the department was directed by the Legislature to obtain a loan at the end of the 2009 biennium to make up the balance needed that the TSEP interest earnings alone cannot fund.
- The estimated 30 new projects that would potentially be funded from the 2011 biennium interest earnings assumes that approximately \$17 million would be available.
 - The amount that is ultimately available will be greatly impacted by the size of the loan that the department obtains to fund all of the 2009 biennium projects and the time period over which the loan is repaid.

Active Construction Projects:

- The estimated number of construction projects for FY 2009 is based on 106 active construction projects at the end of FY 2008, less approximately 35 that are estimated to be conditionally closed during FY 2009.
- The estimated number of construction projects for FY 2010 is based on 30 new construction projects being awarded TSEP funds by the 2009 Legislature and approximately 29 existing projects being conditionally closed during FY 2010.

Preliminary Engineering Grants:

- The 2007 Legislature appropriated \$600,000 for the 2009 biennium to the department for the purpose of providing communities with matching grants for preliminary engineering work. A preliminary engineering report is required as part of the application for a construction project grant.
- The department awarded 42 grants totaling \$600,000 during the 2009 biennium, and all but eight of the 42 studies were completed as of the end of FY 2008.
- Of the 65 grant applications for construction projects received in FY 2008, 42 of the applicants also received a TSEP grant in the recent past to help fund their preliminary engineering study.
- The estimated number of studies that would be funded during the 2011 biennium assumes that \$900,000 would be appropriated and that each of the 60 communities applying would request the maximum amount

allowed. Potentially, a few more communities could be awarded grants if some applicants request or use less than \$15,000.

Emergency Grants:

- The 2007 Legislature appropriated \$100,000 for the 2009 biennium to the department for the purpose of awarding grants to local governments for emergency public facility projects that cannot wait for legislative approval.
- Four emergency projects were funded as of the end of the 2008 calendar year.
- With approximately \$35,000 remaining, at least two more projects should be able to be funded, since the maximum amount awarded has never exceeded \$30,000.

TSEP Mission:

As set out in 90-6-702, MCA, the mission of TSEP is to assist local governments in funding infrastructure projects that will:

- create jobs for Montana residents;
- promote economic growth in Montana by helping to finance the necessary infrastructure;
- encourage local public facility improvements;
- create a partnership between the state and local governments to make necessary public projects affordable;
- support long-term, stable economic growth in Montana;
- protect future generations from undue fiscal burdens caused by financing necessary public works;
- coordinate and improve infrastructure financing by federal, state, local government, and private sources; and
- enhance the quality of life and protect the health, safety, and welfare of Montana citizens.

TSEP Goals and Measurable Objectives

As set out in 90-6-710, MCA, the objectives of the TSEP are to assist local governments in funding infrastructure projects that:

- solve urgent and serious public health or safety problems, or that enable local governments to meet state or federal health or safety standards;
- reflect greater need for financial assistance than other projects;
- incorporate appropriate, cost-effective technical design and that provide thorough, long term solutions to community public facility needs;
- reflect substantial past efforts to ensure sound, effective, long-term planning and management of public facilities and that attempt to resolve the infrastructure problem with local resources;
- enable local governments to obtain funds from sources other than the funds provided under this part;
- provide long-term, full-time job opportunities for Montanans, that provide public facilities necessary for the expansion of a business that has a high potential for financial success, or that maintain the tax base or that encourage expansion of the tax base; and
- are high local priorities and have strong community support.

The following figure shows the division's biennium goals and performance measures that are associated with the proposed 2011 biennium HB 2 budget.

TSEP Performance Indicators:

PERFORMANCE	Actual FY 2006	Actual FY 2007	Actual FY 2008	Estimated FY 2009	Requested FY 2010	Requested FY 2011
Construction Applications Received and Reviewed	57	0	65	0	65	0
Construction Grants Awarded by Legislature	0	56	0	30	0	32
Active Construction Projects	74	67	106	71	72	60
Preliminary Engineering Grants Awarded	43	0	42	0	60	0
Emergency Grants Awarded	0	5	3	3	3	3

Coal Board:

During the FY 2008-2009 biennium, the board was appropriated \$2,000,000 for coal impact grants. Historically, the number of grant requests typically far exceeds the amount of available funding. By January 2009, the board had awarded all \$2 million for 31 grants to coal impacted areas in Montana. The projects funded included county growth policies, school facility plans, hospital and health care center renovations and equipment, volunteer fire and sheriff department equipment, preliminary engineering studies for a community water system, and a preliminary architectural study for an elderly care facility.

Montana mines produced 43 million tons of coal in 2007. The board anticipates an increase in future demand for local impact grants due to increased activity involving coal mining and energy generation development as demonstrated by new projects including the following:

- A Montana-Dakota Utilities subsidiary, Rocky Mountain Power Inc., constructed the 110-megawatt coal-fired generating plant at Hardin, which began operating in April 2006.
- In July 2008, new investors acquired 80 percent of the Bull Mountain mine near Roundup who plan a substantial increase in coal production to 13-14 million tons annually. The purchase includes the necessary permits and rights-of-way to build a railroad to connect the mine with existing rail lines at Broadview.
- The Southern Montana Electric G & T (SMEGT) Co-op has proposed a 250-megawatt coal-fired power plant 8 miles east of Great Falls near Highwood. The \$470 million plant would use about 1.1 million tons of Montana coal annually. DEQ has awarded an air quality permit to the project. The project intends to begin construction by the end of November.
- The U.S. Air Force has proposed a "coal-to-liquid fuels" plant at Malmstrom Air Force Base near Great Falls. The \$1-4 billion plant would consume approximately 20,000 tons of coal and 10 million gallons of water each day.

Coal Board Mission:

The Coal Board was created by the Legislature in 1975, at the same time as Montana's coal severance tax (90-6-201, MCA). The mission of the board is to assist local governmental units "in meeting the local impact of coal

development or a major decline in coal mining or in the operation of coal-using energy complexes by enabling them to adequately provide governmental services and facilities that are needed as a direct consequence of an increase or decrease in coal development or in the consumption of coal by a coal-using energy complex.”

Coal Board Goals and Measurable Objectives

This seven-member board, appointed by the Governor, funds applications for grants from cities, towns, counties, or school districts, or any other local or state governmental unit or agency, or the governing body of a federally recognized Indian tribe. The objective of the coal board is to award grants that are consistent with five statutory funding criteria:

1. the basis of need;
2. degree of severity of impact from an increase or decrease in coal development or in the consumption of coal by a coal-using energy complex;
3. availability of funds;
4. the degree of local effort in meeting these needs; and
5. how the request reasonably fits into an overall plan for the orderly management of the existing or contemplated growth or decline problems.

The following figure shows the division’s biennium goals and performance measures that are associated with the proposed 2011 biennium HB 2 budget.

Coal Board Performance Indicators:

PERFORMANCE	Actual FY 2006	Actual FY 2007	Actual FY 2008	Estimated FY 2009	Requested FY 2010	Requested FY 2011
Pre-Applications	15	18	26	22	30	25
Full Applications	22	20	28	16	24	18
Grants Awarded	20	21	23	6	20	10
Board Meetings	4	4	4	4	4	4
Conference Calls	0	2	2	2	2	2

Hard Rock Mining Impact Board:

This five-member board, appointed by the Governor, administers the Hard-Rock Mining Impact Act (HRMI) (90-6-301, MCA) and the companion PTBS (90-1-401, MCA) and provides technical assistance with metal mines license tax distributions. The board provides technical assistance, analysis, and mitigation and mediation services to local governments and hard rock mine developers where potentially adverse public fiscal impacts from large-scale development are identified. Mine developers and affected local governments prepare and implement impact plans intended to ensure that local government services and facilities are available when and where they are needed as a result of new mineral developments, without imposing additional costs on existing local taxpayers. Mine developers pay new capital and net operating costs through prepaid property taxes with a subsequent tax credit, grants, or facility impact bonds. When necessary, the board adjudicates disputes between affected entities.

Several Montana hard rock mines have impact plans approved by the board under the HRMI Act, including:

- the Montana Tunnels Mine in Jefferson County,
- the Stillwater Mining Company Stillwater Mine in Stillwater County,
- the Stillwater Mining Company Stillwater East Boulder Mine in Sweet Grass County, and
- the proposed Montanore Mine in Sanders County (with mine facilities in Lincoln County).

Hard Rock Mining Impact Board Mission:

The Montana Hard Rock Mining Impact (HRMI) Board was created by the Legislature in 1981. The mission of the board and the purpose of HRMI and Property Tax Base Sharing Act (PTBS) acts are to mitigate the local government service, facility and fiscal impacts from new large-scale hard-rock mineral developments in Montana.

Hard Rock Goals and Measurable Objectives

- To assist local government units in meeting the initial financial impact of large-scale mineral development.
- To mitigate the long-term local government service, facility and fiscal impacts from new large-scale hard-rock mineral developments in Montana.
- To adjudicate disputes between affected entities.

The following figure shows the division's biennium goals and performance measures that are associated with the proposed 2011 biennium HB 2 budget.

Hard Rock Mining Impact Board Performance Indicators:

PERFORMANCE	Actual FY 2006	Actual FY 2007	Actual FY 2008	Estimated FY 2009	Estimated FY 2010	Estimated FY 2011
Board Meetings	3	2	2	2	3	3
Conference Calls	1	2	2	2	1	1

BUDGET AND POLICY ISSUES (PAGE A-287)

The following budget or policy issues are included in the division budget submission to the Governor's Office.

PL 6002 CDD Administrative Costs Adjustments HB 2: This adjustment includes per diem for the Hard Rock Mining Impact Board and Coal Board and the maintenance of a reserve account that is set forth in statute for the Hard Rock Mining Impact Board. Additional costs of the decision package include a rent adjustment, local impact grants for the Coal Board, and authority to disperse funds to the counties from the hard-rock mining impact trust account.

PL 6003 CDD Federal Grants Adjustment HB 2: This decision package adjusts normal ongoing federal appropriations for grants received by the Community Development Division to match available federal funds for the 2011 biennium.

NP 6001 CDD TSEP Engineer HB 2: The request includes 1.00 FTE and \$94,000 state special revenue each year of the biennium for an in-house engineer and related operating expenses for the Treasure State Endowment Program.

SIGNIFICANT ISSUES EXPANDED

No significant issues requiring expanded justification were requested by the LFD.

2009 LEGISLATIVE FINANCE COMMITTEE PERFORMANCE MANAGEMENT INITIATIVE SUMMARY

As part of the 2009 Legislative Finance Committee's interim work plan, various workgroups met to discuss selected programs goals and progress towards specific measurable objectives, also referred to as performance

measurements. It should be noted that some of the performance measurements were to be reached by June 30, 2009. The LFC interim project selected goals and related performance measurements and current status of the measurements are outlined below. A narrative discussion of the status of the measures (if any) is attached to the narrative section of this document.

The Community Development Division reported on the implementation of The Community Technical Assistance Program (CTAP) in June 2008. Please the attached report for additional information.